

The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, JULY 26, 1934



There is a Reason

SOME Companies charge less than standard rates for automobile insurance. The more exclusions there are in a policy, the less likelihood that the issuing company will have to pay, and, hence, the lower the cost of its insurance. In insurance, as in everything else, the customer gets only what he pays for.

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UNITED STATES FIDELITY AND GUARANTY COMPANY

with which is affiliated

F & G FIRE

FIDELITY AND GUARANTY FIRE CORP.

Home Offices: BALTIMORE

Values are up! check insured values

The companies of the
Fireman's Fund Group
have earned the con-
fidence of the insuring
public and are known
from coast to coast
as financially strong
companies — excellent
companies to represent.



Fire · Automobile · Marine · Casualty · Fidelity · Surety

FIREMAN'S FUND GROUP

Fireman's Fund Insurance Company — Occidental Insurance Company

Home Fire & Marine Insurance Company

Fireman's Fund Indemnity Company — Occidental Indemnity Company

New York · Chicago · SAN FRANCISCO · Boston · Atlanta

PROOF

- Of the pudding is in the eating. Proof of a sales idea is in the resulting production. Western and Southern Policy Analysers are proving their worth.
- During May we sent our agents the Golf and Sports Liability Policy Analyser. By the first of June they were using it. By the end of June premium volume on this line had jumped almost 200% over the same month last year.
- Again we say—the Analysers are the most valuable addition to an agents sales kit ever offered. You are not getting your share of business without the Analysers. All Western and Southern Agents are. Write TODAY for information.

THE WESTERN & SOUTHERN INDEMNITY CO.
THE WESTERN & SOUTHERN FIRE INS. CO.

Charles F. Williams, *President*

CINCINNATI, OHIO

William C. Safford, *General Manager*



● ALL lines of insurance are easier to sell with Western and Southern folders. Forceful, successful and productive of results. Why not send for samples? TODAY.

PROVED BY THE ACID TEST OF TIME

The AMERICA FORE GROUP

THE CONTINENTAL INSURANCE COMPANY
 AMERICAN EAGLE FIRE INSURANCE COMPANY
 FIDELITY-PHENIX FIRE INSURANCE COMPANY
 FIRST AMERICAN FIRE INSURANCE COMPANY

**of Insurance Companies**

NIAGARA FIRE INSURANCE COMPANY
 MARYLAND INSURANCE COMPANY OF DELAWARE
 THE FIDELITY AND CASUALTY COMPANY
 ERNEST STURM, Chairman of the Boards
 BERNARD M. CULVER, President

*Eighty Maiden Lane,**New York, N.Y.*

NEW YORK — CHICAGO — ATLANTA

SAN FRANCISCO — DALLAS — MONTREAL

STATEMENTS AS OF JUNE 30, 1934

	Gross Assets *	Reserve for Unearned Premiums	Reserve for Losses and All Other Claims	Cash Capital	* Surplus for Policyholders	SURPLUS FOR POLICYHOLDERS Market Quotations June 30, 1934
Continental.....	\$72,074,964	\$20,824,809	\$6,450,026	\$4,873,990	\$44,800,129	\$45,462,774
Fidelity-Phenix.....	56,333,859	16,531,744	5,302,920	3,464,825	34,499,195	34,594,589
Niagara.....	19,631,333	5,577,562	1,358,894	2,000,000	12,694,877	13,646,319
American Eagle.....	11,618,940	3,411,334	1,053,221	1,000,000	7,154,385	7,710,247
First American.....	3,746,002	870,245	177,055	1,000,000	2,698,702	2,725,187
Maryland.....	2,461,314	353,899	75,619	1,000,000	2,031,796	2,028,752
Fidelity & Casualty ..	35,084,329	11,696,923	16,639,609	2,250,000	6,747,797	6,586,727

*Bond and Stock valuations on basis approved by National Convention of Insurance Commissioners.

STRENGTH

Diversified selected investments in leading American industries.
 Reserves to meet every obligation in full, leaving a large policyholders surplus
 in excess of all obligations.

SERVICE

Experienced agents to protect capably the interests of assureds.
 Conservative underwriters to protect the interest of assureds.
 Adequate inspection service.
 An expense ratio that conserves assured's premium dollar.
 Experienced adjusters, assuring competent and equitable adjustment of losses.
 Payment of all honest claims in full.

CHARACTER

Famous for fair dealing.
 Has commanded confidence of insuring public for over 80 years.
 Losses paid since organization \$954,186,889.42

As thoroughly American institutions we strongly advocate Americans dealing first and to the fullest extent with American Companies. This serves to develop further our country's manufacturing enterprises and the employment of additional labor making for increased production and national progress. It is our doctrine of "America Fore".

Chairman of the Boards.

The National Underwriter

Thirty-Eighth Year—No. 30

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JULY 26, 1934

\$4.00 Per Year, 20 Cents a Copy

Riot Cover Loss on Coast Small

Marine Losses Difficult to Determine—Great Decline in Premiums

OPEN SEATTLE PIERS

Little Demand for Strike Coverage Except in Pacific States—Confirm Rate Increase

SAN FRANCISCO, July 25.—While it is too early to obtain definite estimates of insurance losses as a result of the strike conditions in San Francisco and the Pacific Coast territory, before and during the attempted general strike, the general opinion among underwriters is that they will be small individually and in the aggregate.

Newspaper reports were constantly reciting disturbances, large and small riots, vandalism and a general upset with deplorable conditions. The atmosphere was tense and heavy—there was a feeling that something could happen anywhere, any time.

Outbreaks Quickly Quelled

But during all of this confusion there were few fire alarms. Great precautions were taken by Fire Chief C. J. Brennan to meet expected serious outbreaks but only three appeared and they were quickly quelled. Chief Brennan had previously warned the public on several occasions that he would brook no interference from agitators in the performance of the duties of his department. That this apparently had impressed the agitators and strikers was indicated by the attitude of these groups whenever the department was called into the strike area.

Few Robberies or Accidents

The bulk of the police force was working 12-hour shifts on strike duty, yet the number of automobile accidents, robberies and hold-ups was exceptionally low.

The strike did not increase fire, burglary or robbery losses. There is a possibility that plate glass losses for the month of July will be above normal, but nothing to what was expected. Only a few plates were broken by flying bricks.

Marine losses will probably bear the brunt of the insurance losses and it will take considerable time before anything like an accurate total may be obtained. Marine underwriters report but few losses to date but the docks have been overcrowded with cargoes all handled by inexperienced hands. Strike, riot and civil commotion losses in San Francisco are generally considered "nil." Some losses are bound to develop, however, as the result of the improper handling and storage on the docks. Teamsters returning to work to clear the docks found a terribly confused condition with

(CONTINUED ON PAGE 22)

Will Decide Position of Pearl on Coast on July 27

BOTH SIDES IN SKIRMISH

Exchange of Communications Between Conklin and the Pacific Board Is Now Released

SAN FRANCISCO, July 25.—The feeling in San Francisco is that the Pearl will soon announce its retirement from the Pacific Board.

NEW YORK, July 25.—What the future of the Pearl and of its associated companies, the Eureka-Security and the Monarch, is to be upon the coast will depend on the decision reached by members of the Pacific Board at the meeting July 27. In an exchange of correspondence between Wallace Kelly, chairman of the executive committee of the board, and C. S. Conklin, United States manager of the Pearl, the position of each with respect to the subject has been set forth and brought up to date.

"We understand from your communication of June 30," Mr. Kelly wrote to Mr. Conklin, "that insofar as the Pearl's membership in the Pacific Board is concerned, you have withdrawn your request for definite assurances regarding permanent membership, which question is a purely academic one at the present time."

Privileges of the I. U. B.

"May I also point out that notwithstanding your statement as respects the Interstate Underwriters Board, that the Pearl's membership in this board binds it to the Interstate Underwriters Board regulations and gives the Pearl the same rights and privileges as are enjoyed by other members of this board."

"At the meeting of the executive committee held this morning (July 3) the following resolution was unanimously adopted:

"Resolved, That the Eureka-Security Fire & Marine's application with relief will be entertained on the same basis as that set forth in agreement with the National Union dated Oct. 6, 1931, but not to exceed same; the relief to the National Union having been the last and most comprehensive granted since separation became effective and therefore prior relief agreements should be disregarded."

"Resolved, further that the application of the Eureka-Security Fire & Marine, subject to the foregoing relief, must in all other respects fully conform to the board constitution and general rules, including the general agency rule."

Further Resolution

"There was also introduced and unanimously passed a further resolution reading as follows:

"Resolved, That Mr. Conklin's further attention be called to the status of the Monarch Fire and to the underwriting agreements said to exist between the Monarch Fire, the Eureka-Security and the Pearl."

In answer to that letter Mr. Conklin said he can not comprehend how the board arrived at the conclusion the Pearl had withdrawn its request for

Foreign Companies Watch HOLC Business Carefully

NO POLICIES YET RETURNED

Alien Carriers Are Prepared to Fight Strenuously Any Move to Bar Their Contracts

NEW YORK, July 25.—The foreign companies are watching with much interest for any developments in the reported program of the Home Owners Loan Corporation to reject policies of insurance companies domiciled in countries, which have defaulted in their debts to the United States. Examiners of the foreign companies have been instructed to watch for the return of policies, where there is any possibility that the anti-foreign policy has been invoked.

So far as can be determined there has been no policy returned to any foreign company on this account. The foreign companies got an inkling very early this year that something of this kind might develop. They heard reports from the field that this or that state manager of the HOLC was barring policies of foreign companies. However, no real evidence developed. But the foreign companies have been on the alert.

Naturally, there have been conversations among the executives of foreign companies on this question. If the HOLC should prepare a list of approved companies, which omitted foreign companies, it can be taken for granted that foreign companies would not take the blow lying down. From conversations with foreign company officials, it appears that they would go into court in an attempt to compel the HOLC to accept their policies. If a legal battle should develop, it probably would revolve around the charge that such action on the part of the HOLC constituted discrimination. Foreign companies would point to the fact that they pay taxes in this country and that they employ thousands of American citizens.

The HOLC has indicated that if, as and when it draws the line against foreign companies, the move will be made quietly. However much the HOLC may desire to put such a practice into effect without agitation, it is extremely doubtful if they can make the move peacefully. At the first indication that such a policy has been introduced the foreign companies are prepared to take action and the peace and quiet which the HOLC desires is likely to be disturbed.

definite assurance regarding future memberships.

"In view of the openly avowed intentions of certain eastern insurance executives and of their publicly proclaimed intention to eventually force 'separation' to such an extent that a company must be a member of all associations or none, the question of protection for the Pearl and its associates is far from an academic subject with us," he wrote.

"Our affiliated companies, the Eureka-Security and the Monarch, enjoy on the Pacific Coast a very substantial premium income on desirable business."

"The Pacific Coast management of

(CONTINUED ON PAGE 22)

Ft. Worth Board Upheld By Court

Injunction Restraining Enforcement of Mutual Representation Rule Dissolved

BENNETT GIVES A HAND

Glen Walker Agency, Which Is Tied Up With Mutual Company, Was Principal Complainant

FORT WORTH, TEX., July 25.—Nationwide interest was aroused in the injunction proceedings brought against the Fort Worth Insurance Exchange by three agencies in that city, which were expelled from membership in the exchange for representing mutual companies. Action was also instituted against the Texas Association of Insurance Agents and a number of officers of the Fort Worth board individually.

Judge Bruce Young in the 48th district court on Tuesday of this week dissolved the temporary injunction granted last week to the Glen Walker, Collett & Rigg agency against the Fort Worth association, the Texas Association of Insurance Agents and a number of Fort Worth local agents on grounds that they were influencing certain stock companies to sever their connections with plaintiff. Judge Young ruled that testimony submitted did not prove conspiracy and also said that every association has a legal right to set its own qualifications for membership and the local association could deny membership to a so-called mixed agency or one that represented mutual as well as stock companies.

Glen Walker is president and treasurer of the Millers Mutual of Fort Worth, while E. K. Collett is secretary. It is understood that the Millers Mutual is the company against which recent rules of the Fort Worth and state association have been directed particularly.

Background of Fight

Charges and counter-charges were flying thick among the agents of the city, among the reports being that anti-trust law charges may be filed and boycott claims alleged.

Until Tuesday the Fort Worth Exchange and Texas Association of Insurance Agents were enjoined by court action from prohibiting membership in either organization to insurance men representing mutual companies, or rather from ousting such members already members.

The fight in Fort Worth has been going on for some time. The agents' association here is a unit of the Fort Worth Chamber of Commerce, and the battle started when the association decided to oust some prominent agents who represented a mutual concern in Fort Worth.

The exchange adopted a resolution de-

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Cancellation Cost Higher; Cheaper Procedure Studied

AGITATION FOR AMENDMENT

Companies Are Reluctant to Approve
Agents' Requests for Use of
First Class Mail

Companies anticipate a greatly increased demand from agents for permission to use regular first-class mail in canceling policies, as a result of the new 10 cent extra charge of the post office department for a return receipt on registered first-class mail. Heretofore the cost has been 20 cents for local mail and 21 cents for mail outside the city. Now the charge is 30 and 31 cents.

The cost to the insurance companies of making cancellations is not a major item. Occasionally a company may have to send out a batch of cancellation notices, where an agency goes bad, but ordinarily only a few cancellation notices go out each day. The heavy expense falls on the agents. In recent years the companies have received occasional requests from agents that they be permitted to send cancellation notices by regular first-class mail and obtain a receipt from the post office, giving evidence that a letter was sent to the party addressed, at a cost of 1 cent per letter.

This procedure is pretty generally used in connection with automobile policies since under those contracts a notice mailed is sufficient. Therefore if evidence is obtained from the postmaster that the letter was mailed, there can be no doubt about the effectiveness of the cancellation. On the other hand, the fire policy provides that the assured must be given five days notice. Most legal authorities hold that the companies would be taking a chance in using first class mail in canceling fire policies, since the contract provides that the assured must be notified and not merely that notice must be sent. Very few companies have been willing to take that chance, and most of them have not acceded to the requests of the agents. Now, however, there is likely to develop a flood of demands from agents, as the cost of canceling policies becomes an important item.

There has been some agitation in favor of amending the cancellation clause in the New York standard fire policy to provide specifically that its notice need only be sent a specified number of days in advance to the address stated in the policy.

Fewer Washington Agents

OLYMPIA, WASH., July 25.—There are now 705 fewer agents in Washington this year than last, according to figures by F. T. Houghton, assistant insurance commissioner. Licenses issued the first half of the year were 22,860 compared to 23,565 last year. There were 176 fewer life agents licensed.

Wyoming Fee Increased

The fee for statutory publication of certificates of authority in Wyoming has been increased from \$20 to \$30. J. H. Doyle, general counsel for the National Board, who is vacationing in Colorado, expects to go to Cheyenne this week to confer with the insurance commissioner about this extra charge. The well known NRA is given as the excuse for the increase. Wyoming requires each company to publish once in two newspapers a copy of the certificate of authority. By common consent the insurance commissioner has selected the papers and charged each company \$20.

Indianapolis Veteran Dies

J. R. Welch, veteran Indianapolis local agent, died there at the age of 78 years. He had been active in the Indianapolis Board and had served as its president.

Yacht Prospects Brighter

International Races and Better Business Conditions
Stimulate Reconditioning and Building of Yachts
—Improvement from Underwriting Standpoint

NEW YORK, July 25.—The interest taken in the international yacht races off Newport this summer makes the eastern market for insurance on yachts even brighter than might reasonably be expected from the general increase in business confidence and prosperity. Improvement over the first half of 1933 is quite generally reported by underwriting markets. This is the first time since 1929 that there has been a relative increase over the previous year.

Fortunately for the underwriters, the upturn is very largely among the larger boats, where the depression hit the hardest. Yachts which have not been in the water in four years have been ordered put in commission. While no boats of the large, palatial type have been built, there were at least 20 new craft under construction ranging from \$10,000 to \$30,000 even on the depressed scale of values that still prevails as compared with 1929.

Cup Races Have Influence

Much of this activity can be traced to the cup race influence. Anybody who has a yacht and can possibly afford to put it in the water always does so when there is a cup race on. In other years, when the cup race stimulus is lacking, many a man who owns a yacht does not feel that the expense of commissioning it is worth while for the limited use they will probably make of it.

While insurance demand for smaller yachts and cruisers has held up much better through the depression than in the case of the larger craft, marine underwriters indulge in no pipe dreams about any vast increase in yacht business resulting from the public's turning to boating to escape the increasing congestion of the highways, even in sections which are fairly convenient to the water.

Even the small yachts and the motor boats are essentially a luxury, except possibly in localities like the Thousand Islands where they are about the only means of transportation. But generally they cannot be justified from a utility angle, as an automobile can. The season, at least in the north, is only about half the year. Crowded highways have undoubtedly stimulated much interest in motorboats, cruisers, and small yachts, but they still are in the luxury class, even though people of modest means will skimp on other expenses to afford a boat.

From an underwriting standpoint, the

prospects are somewhat better, although the continuation of the depression scale of valuations makes the partial-loss hazard a considerable problem. For example, a boat in 1929 may have had a \$50,000 value, and today due to a demoralized second-hand market, cost only about \$10,000 to replace. If the present owner bought it recently and paid the latter figure, the insurance company will not insure the boat for more than that valuation. The 1929 premium on a \$50,000 basis was, say, \$1,000; the present premium, on \$10,000 is perhaps \$300. But the cost of repairs has not gone down with the price of boats, consequently the insuring company has to pay almost the same to repair a partial loss as it would have in 1929, yet the present premium is less than one-third the 1929 premium.

Two Severe Storms

The 1933 season was particularly bad from a partial loss standpoint. There were two severe storms on the Atlantic seaboard, one of them being the first hurricane in 33 years to get north of Cape Hatteras. Yachts were swept from their moorings and piled like match sticks along the shore. There were, however, few total losses but many partial losses, calling for extensive repairs. Many of these partial losses were so large that on the prevailing low valuation basis they might almost as well have been total, as far as the underwriters were concerned.

Yachts are conceded by marine men to be one of the most difficult lines on which to make an underwriting profit, although yachtsmen are quick and vigorous in their objection to increases in rates. It has been a hard job to get them to see the justification for a higher rate on a lower valuation to cover the partial loss hazard.

Bulk Handled by Few

Some marine offices will not touch yacht business. Others do a moderate amount, but the bulk is handled by a few underwriters who have departments specializing in this branch. The underwriter must not only judge the physical aspects of the risk, but he must just as carefully appraise the character of the owner. The type of judgment needed for these functions, especially the latter, cannot be developed in a hurry, or as a side-line.

The steady-going, conservative type of owner is a much better risk than the

(CONTINUED ON PAGE 25)

Pacific National Opens Department in the East

LOCATED IN PHILADELPHIA

W. A. Waters, Formerly Agency Superintendent for the Lumbermen's of Philadelphia, Is Placed in Charge

PHILADELPHIA, July 25.—The Pacific National Fire of San Francisco announces the establishment of an eastern department here in charge of W. A. Waters, who was formerly agency superintendent for the Lumbermen's of Philadelphia. Arrangements were completed by Vice-president W. L. Wallace of the Pacific National. Mr. Wallace flew to Chicago yesterday where he will remain for a few days. Then he will return to Philadelphia and aid in getting the eastern department under way. The office will be located in 505 Independence building at Fifth and Walnut.

Mr. Waters had been connected with the Lumbermen's about seven years. Previously he was in the finance business in Atlanta, Ga., and prior to that in the local agency business there.

The Pacific National during the first six months of this year showed an increase of \$500,000 in assets and its net surplus amounts to more than \$1,500,000, despite the necessity of putting up substantially higher reserves because of an increase in business. The Pacific National has undertaken a development campaign throughout the country but it is proceeding conservatively.

Revamp Cincinnati Local Office of Eureka-Security

CINCINNATI, July 25.—The Eureka-Security Insurance Agency has been organized in Cincinnati to take over the local office of the Eureka-Security which was known as the Cincinnati Underwriters Agency Company. The officers of this new agency will be John Ankenbauer, president, Leslie Graham, vice-president, and B. G. Dawes, Jr., chairman.

Mr. Ankenbauer is a well known Cincinnati local agent who has been prominent in association affairs, having served as president of the Ohio Association of Insurance Agents, and president and secretary of the Cincinnati Fire Underwriters Association. He has been connected with the office of A. W. Shell & Co., and recently with T. E. Wood. Mr. Graham has recently been connected with T. E. Wood. Mr. Dawes is president of the Eureka-Security Fire & Marine and has been serving as president of the Cincinnati Fire Underwriters Agency.

The new agency will act as agent for the Pearl, Eureka-Security and Monarch in Hamilton and adjoining counties. The new agency will occupy space in the home office of the Eureka-Security in Cincinnati as heretofore.

Iowa Pond Outing

The annual summer outing of the Iowa Blue Goose was held at West Okoboji Lake last week. There was no business session. About sixty ganders and members of their families attended. A number of insurance people from Omaha also turned out.

Koop Hears From His Friends

W. H. Koop, president of the Great American and head of the National Board, on Monday was the recipient of many congratulatory messages, since on that day he completed his first 40 years with the company. The finance committee of the Great American presented Mr. Koop with a huge bouquet and the officers of the company presented him with another. Friends made personal calls during the day and he received many messages by telephone, telegraph and mail.

THE WEEK IN INSURANCE

Riot cover losses on the Pacific Coast are small. Marine losses difficult to determine, although there is marked decline in premiums due to the inactivity of ships. **Page 3**

National interest is aroused in the injunction proceedings brought against Fort Worth Insurance Exchange and Texas Association of Insurance Agents to restrain them from dismissing members who represent mutuals. **Page 3**

The executive committee of the Pacific Board will decide Friday of this week on whether the Pearl will be permitted to resign or whether the Eureka-Security and Monarch will be admitted to the board on conditions laid down by the Pearl. **Page 3**

Installment payment of term premium is still being championed by many westerners. **Page 5**

Complicated financial deal is announced involving the Equity Corporation which controls the American Colony, and the General Alliance, which controls the General Reinsurance and North Star. **Page 5**

Boiler insurance companies placing comprehensive boiler insurance for residences on market Sept. 1, with simplified rating and underwriting method. **Page 20**

In the tragic death of R. J. Sullivan, vice-president of the Travelers, his company and the casualty business as a whole suffers a serious loss. **Page 20**

Ohio supreme court holds prospective juror may not be questioned as to his insurance connections. **Page 31**

Large percentage advance in motor accidents for six months of 1934—from 1.66 percent to 2.36 of all accidents—believed by Travelers to hinge in large part on repeal of liquor prohibition law. **Page 29**

Guest statutes prove ineffective because degree of negligence is left to jury. **Page 31**

Review legal angles in checking unauthorized companies. **Page 30**

Insurance Buyer to Talk at Grand Rapids Meet

P. D. Betterley, insurance expert of the Graton & Knight Company of Worcester, Mass., prominently identified with the American Management Association, will give one of the principal talks at the annual meeting of the National Association of Insurance Agents at Grand Rapids, Mich., Sept. 18-21. His subject will be "What the Insurance Buyer Expects of the Local Agent." Mr. Betterley, as assistant treasurer, has been the buyer of insurance for his firm more than 20 years. For four years he was vice-president of the American Management Association in charge of the insurance division.

The Graton & Knight Co. manufactures belting and sole leather.

In commenting on Mr. Betterley's acceptance of a place on the program, President Allan I. Wolff of the National association said:

"The local agent must coordinate the needs of the insurance buyer with the policies of his companies. The intelligent local agent is familiar with the policies he sells, but not always with the requirements of the buyer. I think it an excellent thing for our convention to devote a portion of its time to hearing, from so authoritative a source, what the buyer of insurance expects of his local agent."

Another speaker at the Grand Rapids convention will be G. W. Brown, insurance commissioner of Minnesota, and president of the National Convention of Insurance Commissioners. Possibly Vice-president C. W. Pierce of the America Fore companies will also be on the program.

Features of Latest Plan For Handling HOLC Cover

Information is now available on the comprehensive proposal for handling the insurance requirements of the Home Owners Loan Corporation which was substituted by the National Association of Insurance Agents. The suggestion is that a master contract be issued by the insurance companies selected by the HOLC. This would automatically bind every insurance requirement as the interest of the HOLC attaches and would include subsequent improvements, changes and endorsements, with one underlying master policy in each state. Each insurance transaction would be handled under a triplicate bordereaux system, one for the HOLC, one for the insurance company and one for the insurance service office.

Under the proposal the applicant for a loan, who does not have transferable insurance, would file an application for insurance, nominating an agent and would submit a report from that agent containing all the required information.

Prior to expiration, notice would be sent to the home owner requiring him or his agent to furnish additional information. Approved adjusters would be designated but where a loss is less than \$500 the local agent would make the adjustment. The service office would receive payment of premiums and would pay the net premiums to the companies and distribute commissions to the agents. Where the agent fails to collect from the home owner, he would get a lower commission.

New Office for Belgrano

F. N. Belgrano, Jr., president of the Pacific National Fire of San Francisco, has been elected a vice-president of the Occidental Life of Los Angeles. He has been a director of that company. Both the Pacific National Fire and the Occidental Life are controlled by Transamerica Corporation.

The Arthur B. Cook agency at Kewanee, Ill., has been sold to Palmer, Anderson & Co.

Installment Payment of Term Premium Live Issue

STILL FAVORED IN WEST

Although Eastern People More or Less Tabled the Project, Its Champions Haven't Ceased Agitation

Although at a recent conference in New York, under the auspices of the Insurance Executives Association, the idea of permitting term premiums to be paid on the installment basis was more or less tabled by the eastern executives, the subject is still very much alive in the west and a good many executives there feel that such a plan is essential. The agents in the middle west, particularly in Iowa, Nebraska and Minnesota, continue to complain of the effect of competition from those non-affiliated carriers, which offer to commute the term premium and collect in annual installments.

For some reason competition in the west from companies permitting installment payment of the term premium is regarded more seriously than the outright rate cutters. As an example there is cited a recent incident in Kansas, when a line of public insurance that had been written on a five-year basis, came up for renewal. Bids were solicited. The stock company agents submitted the bureau rate. There was a bid in behalf of the mutuals at 25 percent off manual. Then the General of Seattle put in two alternative bids. One was a straight 20 percent rate cut and the other was for a five-year term policy, the premium to be paid annually. The latter bid represented a cut of about 20 percent. The committee was apparently not interested in the straight rate cutting propositions and accepted the term premium proposal.

Much Resistance Found

There is considerable resistance to the idea of permitting term premiums to be paid on the installment basis from those who feel that it violates financial principles to permit the premium to be paid in installments, when the premium represents a reduction from the annual rate on the basis of being paid in a lump sum at the inception of the policy. If annual installments are desired, executives of this belief ask why the assured should not pay the full annual premium each year.

Most of the schemes for installment payment do not contemplate use of a real term policy. What is contemplated is an annual policy, renewable for four years at a lower rate. By this device, the companies now collecting in installments avoid the necessity of putting up the reserve on a three or five year policy.

Renewal Certificate Idea

When the step is taken of breaking down the term policy into an annual policy renewable for a certain number of years, then the question of issuing renewal certificates instead of a new policy each year is brought up. Use of renewal certificates is permissible in Canada. By and large, issuance of renewal certificates is favored in this country by the foreign companies. The domestic companies are, as a whole, opposed. One of the objections to the use of the renewal certificates that is cited is that it would tend to freeze an account with one company and bar competition at renewal time. The theory is that an assured would not be likely to change companies, where the trouble of handling a new batch of policies is involved, as against merely filing renewal certificates.

The installment payment idea has stimulated the ingenuity of many executives. There has been much interest in analyzing the term premium and also in devising various installment plans. The plan which was proposed at the eastern

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Richmond General Agent Gets Behind Auto Drive



B. P. CARTER

The well known Gordon, Brown & Carter general agency of Richmond, Va., has issued an appeal to its agents to make a drive to capture fire and theft insurance on financed automobiles. B. P. Carter, president of the agency, states he is disappointed that the agents have not shown more interest in this movement since it was inaugurated some months ago. Perhaps the individual agent thinks it is all too hopeless and that his efforts in recovering one or two lines would not be worth while. Therefore, to give the idea a trial, Mr. Carter suggests that the agents use the Gordon, Brown & Carter office as a clearing house. From reports received, the general agency will keep a record of each individual line recovered and pass the information on periodically through the mailing list. He expresses the belief that at the end of six months the results will be astounding. The subject will be discussed at the annual meeting of the National Association of Insurance Agents in Grand Rapids and Mr. Carter states he hopes to have an agent from Virginia and another from North Carolina report on results.

Magnitude of Business

Mr. Carter stated that some \$20,000,000 of automobile premiums were placed by finance companies since 1933. That means a loss of \$5,000,000 in commissions to the local agents. More than 50 percent of this amount was written by the General Exchange of the General Motors Corporation. More than \$160,000 in premiums were written by the General Exchange in Virginia during 1932 and more than \$200,000 in 1933. The General Exchange wrote more than \$170,000 in North Carolina in 1932.

The task of reclaiming this large volume of business is not easy. It was not taken away from the local agents over night and it will require patience and persistence to recover it, but Mr. Carter expressed the belief that the agents can and will make a good job if they make up their minds to do so.

Reaction of Auto Men

He said he is convinced that if the automobile manufacturers discover that the matter of insurance is hurting their business they will very promptly change their attitude. If they learn that the organized agents are making a determined effort to recover this business on the ground that they should stick to their automobile business and leave the insurance business to the agents, he predicted that newspaper advertisements would soon appear stressing the fact that the purchaser has the right to provide his own policies.

Mr. Carter suggests that the local boards initiate newspaper advertising

Equity Corporation and General Alliance in Deal

THREE INSURERS INVOLVED

Outcome May Be Merger of American Colony into North Star—Rockefeller's Son-in-Law Big Factor

A complicated financial deal between the Equity Corporation and the General Alliance Corporation is being worked out, according to David M. Milton, head of the Equity Corporation and son-in-law of John D. Rockefeller, Jr.

The Equity Corporation controls the American Colony, a fire company, the business of which was reinsured some time ago by the Home of New York and with which have been merged the Germanic, Colonial States Fire and the American Merchant Marine.

The General Alliance controls the North Star, the well known fire reinsurance company, and the General Reinsurance, the casualty reinsurance company. The plan is later to merge the American Colony with the North Star.

Made Missouri State Deal

The Equity Corporation became a factor in the insurance business when it launched the General American Life to take over the business of the defunct Missouri State Life. Mr. Milton is chairman of the General American.

The Interstate Equities Corporation figures in the present deal. This is affiliated with the Equity Corporation. The proposal is for the Interstate Equities to exchange its holdings of 30,500 shares of American Colony stock for 61,000 shares of General Alliance.

The next step would be for the Equity Corporation to offer its preferred and common shares to all stockholders of General Alliance and must receive at least 44,000 more shares of General Alliance. This stock it will turn over to the Interstate Equities Corporation in return for the latter's holdings in General Equities, Inc. This is the concern through which Equity Corporation holds 28 percent interest in the United Founders Corporation.

Exchange Is Offered

After this transaction the Equity Corporation will hold any additional shares of General Alliance it may receive as a part of its program eventually to obtain at least majority control. The Equity Corporation is offering to exchange one-fifth of one share of its \$3 convertible preferred stock plus 4 1/2 shares of common stock or 7 1/2 shares of common for each share of General Alliance. The latter concern will have 381,000 shares outstanding after giving the initial 61,000 shares to the Interstate Equities Corporation.

The General Alliance, in addition to controlling the North Star and General Reinsurance has Herbert Clough, Inc. This is a concern which negotiates foreign reinsurance treaties.

The General Alliance was formed in 1928 as a holding company and acquired the stock of the General Reinsurance which reported total assets of \$11,145,306, Dec. 31, 1933, and the North Star at the close of last year had assets of \$3,344,063.

CAPITAL CUT APPROVED

Capital of the North Star has been reduced from \$800,000 to \$400,000, par value being reduced from \$100 to \$50. The New York insurance department has given its approval.

campaigns similar to that undertaken in Wichita. This should be followed up by making a list of all car owners among clients as well as a list of new prospects and those that are considering buying a new car. Then letters should be sent to them.

PACIFIC NATIONAL FIRE INSURANCE COMPANY

HOME OFFICE  SAN FRANCISCO

STATEMENT OF ASSETS AND LIABILITIES

As of June 30, 1934

ASSETS	
Cash	\$ 301,819.41
Cash on hand and in Banks.	
United States Government Bonds— (Valued at market price June 30, 1934).....	744,187.50
Other Bonds (Valued at market price June 30, 1934).....	1,554,994.50
Bonds of Governments other than United States.....	\$ 25,750.00
State, County and Municipal Bonds.....	631,575.00
Public Utility Bonds.....	300,275.00
Industrial and Miscellaneous Bonds.....	266,151.25
Railroad Bonds	331,243.25
Stocks (Valued at market price June 30, 1934).....	1,165,407.87
Public Utility Preferred Stocks.....	190,187.50
Railroad Preferred Stocks.....	21,812.50
Industrial and Miscellaneous Preferred Stocks.....	131,768.75
Railroad Common Stocks.....	111,242.50
Industrial and Miscellaneous Common Stocks.....	210,271.62
Bank Stocks	500,125.00
Mortgage Loans	49,541.74
Loans secured by 1st Mortgage and 1st Deeds of Trust on Property valued at \$95,220.00.	
Real Estate	4,206.76
Real Estate owned by the Company valued at \$13,020.00, carried on the books of the Company at \$4,206.76.	
Premiums	304,541.55
Premiums in hands of Agents and in course of collection, less reinsurance, return premiums and Agents' credit balances.	
Accrued Interest	18,023.27
Accrued interest on Bonds and Mortgage loans.	
Total Assets	\$4,142,722.60
LIABILITIES	
Capital	\$1,250,000.00
Capital Stock Paid in Full.	
Reserves	1,305,250.06
Reserve for Unearned Premiums	\$1,099,654.74
Reserve for Losses in course of adjustment.....	81,877.26
Reserve for Federal and all other Taxes.....	35,855.76
Reserve for all other contingencies.....	87,862.30
Net Surplus	1,587,472.54
Net Surplus over Capital and all Liabilities.	
Total Liabilities	\$4,142,722.60

NEWS OF THE COMPANIES

America Fore Figures Given

Combined Assets on Market Basis
Were \$203,078,452 June 30, Policy-
holders' Surplus \$112,754,594

NEW YORK, July 25.—Semi-annual figures of the America Fore group attest the strong financial standing of the companies and show gains in all essential features during the first half year. As of June 30, the group had combined assets on a market basis of \$203,078,452, an increase of \$22,971,649 since Jan. 1. Combined policyholders' surplus was \$112,754,594, increase \$21,192,043. Combined bonds and stocks held, quoted on market basis, were \$174,916,271, increase \$21,724,514.

Market value of securities exceeded convention values nearly \$2,128,000. In the six months net premiums were \$35,553,830, a gain since Jan. 1 of close to \$2,500,000, and unearned reserve was increased \$1,595,581.

Exceed Convention Values

Market value of stocks and bonds of the companies, save the Maryland and Fidelity & Casualty, on June 30, exceeded convention values as here noted:

American Eagle	\$555,861
Continental	662,644
Fidelity-Phenix	95,392
First American	26,484
Niagara	951,441
\$2,291,825	
Maryland — Con- vention values exceed market	3,043
F. & C. — Con- vention values exceed market	161,070
164,113	
\$2,127,712	

June 30 statement figures for the various companies in the group, gross assets being based on bond and stock valuations on the convention basis and the final figures for policyholders' surplus based on market quotations June 30, 1934, are:

Continental—gross assets \$72,074,964, unearned premium reserve \$20,824,809, reserve for losses and all other claims \$6,450,026, capital \$4,873,990, policyholders' surplus \$44,800,129, policyholders' surplus based on market quotations \$45,462,774.

Fidelity-Phenix—gross assets \$56,333,859, unearned premium reserve \$16,531,744, reserve for losses and claims \$5,302,920, capital \$3,464,825, policyholders' surplus \$34,499,195, policyholders' surplus on market basis, \$34,594,589.

Figures for Other Companies

Niagara—gross assets \$19,631,333, unearned premium reserve, \$5,577,562, reserve for losses and claims, \$1,358,894, capital \$2,000,000, policyholders' surplus \$12,694,877, policyholders' surplus on market basis \$13,646,319.

American Eagle—gross assets \$11,618,940, unearned premium reserve \$3,411,334, reserve for losses and other claims \$1,053,221, capital \$1,000,000, policyholders' surplus \$7,154,385, policyholders' surplus on market basis \$7,710,247.

First American—gross assets \$3,746,002, unearned premium reserve \$870,245, reserve for losses and claims \$177,055, capital \$1,000,000, policyholders' surplus \$2,698,702, policyholders' surplus on market basis \$2,725,187.

Maryland—gross assets \$2,461,314, unearned premium reserve \$353,899, reserve for losses and claims \$75,619, capital \$1,000,000, policyholders' surplus \$2,031,796, policyholders' surplus on market basis \$2,028,752.

Fidelity & Casualty—gross assets \$35,084,329, unearned premium reserve \$11,696,923, reserve for losses and claims \$16,639,609, capital \$2,250,000, policyholders' surplus \$6,747,797, policyholders' surplus, market basis, \$6,586,727.

St. Paul Group Shows Gains

Underwriting Profits, Surplus Increases,
Are Highlights of Semi-annual
Statements Just Published

ST. PAUL, July 25.—An increase in surplus of nearly \$4,000,000 by the St. Paul Fire & Marine and an underwriting profit of \$191,291 for the St. Paul Mercury Indemnity were outstanding features of the semi-annual statements of the St. Paul group. The indemnity company also increased its surplus \$606,199 for the six months. Its total assets were \$3,894,338. Net premiums were \$1,344,418, an increase of \$259,404 over 1933.

The St. Paul Fire & Marine for the six months showed underwriting profit \$304,886, appreciation in securities \$3,563,682, net earnings \$4,494,336, total assets (June 30 valuations) \$30,933,675, net premiums \$6,110,739, an increase of \$790,831, unearned premiums \$9,266,191, an increase of \$204,658.

The Mercury showed an underwriting loss of \$3,637 for the six months this year but an increase in surplus of \$586,146. Net premiums were \$881,275, an increase of \$101,656, and assets \$4,476,425, an increase of \$629,373.

British Oak Canadian Change

MONTREAL, July 25.—On his recent visit to Canada, Edgar Wheeler of London, general manager of the British Oak, arranged for the transfer of its Canadian management as of Oct. 1 to Willis Faber & Co., Montreal. R. W. Nash, the present Canadian manager, will join that office, which is now manager for the Provincial and Cornhill of England.

The British Oak will withdraw from the Canadian Fire Underwriters Association and operate in Canada as a non-board company.

South Jersey Fire to Resume

Consent has been given by the New Jersey department for the South Jersey Fire of Egg Harbor City, N. J., to resume business under certain conditions. The company was taken over by the insurance department May 28.

Central Manufacturers' Promotions

The Central Manufacturers Mutual has promoted D. R. Stettler from superintendent of claims to assistant secretary and G. D. Borchers, chief accountant has been named assistant treasurer. Both men have been with the Central for about ten years.

Complete Recodification of I. M. U. A. Bulletins

NEW YORK, July 25.—Recodification of the forms, rules and rates on the various lines over which the Inland Marine Underwriters Association has jurisdiction, has been completed and the actual printing is being started. This is good news to inland marine underwriters, whose binders of I. M. U. A. bulletins have become excessively bulky, due particularly to the flood of bulletins in recent months, centering about the uniform definition of marine writing powers. It has been a difficult job for the underwriter to index the bulletins, so that the information could be readily obtainable. The recodification is in the form of a general bulletin in a looseleaf binder and will constitute something of an I. M. U. A. manual. In the future, bulletins can be inserted in their proper places.

The Grothaus & Tewes Insurance Agency, San Antonio, Tex., has changed its name to the Grothaus Company, Mr. Tewes having retired some time ago.

VIEWED FROM NEW YORK

By GEORGE A. WATSON

KENTNER COMMITTEE CHAIRMAN

F. W. Kentner, Travelers Fire, was elected chairman of the electrical committee of the New York Board at the monthly meeting. Montgomery Clark, Hanover, who was previously elected chairman, was unable to serve because of pressure of his company duties.

* * *

TO CHANGE I. U. B. FORMS

As a result of the confusion that arose following the Schenley liquor loss at Lexington, Ky., the Interstate Underwriters Board has decided to have inserted in its forms, at the next printing, a specified number of days in which reports of value must be made by the assured. Heretofore there has been a blank space in the form, wherein any number of days desired might be inserted. On the Schenley schedule the forms of only three companies were filled out, the others being left blank. One of the three companies required reports of value in 30 days, another in 45 days and another in 60 days. The new I. U. B. forms will require reporting in 30 days. However, if some other length of time is later considered more appropriate, a change can be made.

The change affects section A of the premium adjustment clause which now reads: "A. It is a condition of this policy that the assured shall report to this company not later than.....days after the last day of each month, the exact location of all property covered thereunder, the total value of such property at each location or any other insurance in force at each of such locations on the last day of each month."

* * *

ST. LOUIS F. & M. ARRANGEMENTS

Corroon & Reynolds, Inc., have been designated general agents in charge of the metropolitan district and suburban territory for the St. Louis Fire & Marine, which was recently admitted to New York. Corroon & Reynolds expect to appoint Forster, Polley & Co. as New York City agents for the St. Louis F. & M. to replace their previous representation of the Republic of Dallas.

* * *

DARLINGTON STILL ON COAST

Hart Darlington, United States manager of the Norwich Union Fire, who has been in San Francisco for the past week in consequence of the death of F. L. Hunter, Pacific Coast manager, is not expected to return to New York for another ten days.

* * *

A. E. PATTERSON SUCCEEDS PATTON

Arthur E. Patterson has been elected chairman of the boards of the Royal and Liverpool & London & Globe, succeeding A. Allan Patton, who died in June. Mr. Patterson became a director of the Royal in 1917 and deputy chairman in 1927. He was made a director of the Liverpool & London & Globe in 1928 and has been deputy chairman of that company since 1929.

* * *

PRO RATA CANCELLATION ISSUE

The idea of authorizing pro rata cancellation on insurance on fluctuating values at one location is being revived as a result of the recent action of the New York insurance department in calling attention of the New York Fire Insurance Rating Organization to the apparent discrimination in favor of the large assured by permitting pro rata reduction on multiple locations while requiring the single location assured to pay the higher short rate when he reduces his coverage. This is a prerogative subject. A sub-committee of the governing committee of the New York Fire Insurance Rating Organization has been appointed to ponder the question. Possibly committees may also be appointed by the Interstate Underwriters

Board, New York Fire Insurance Exchange, New York State Association of Local Agents and National Association of Insurance Brokers.

The companies cite as an objection to the idea of pro rata adjustment that it would lead to a demand for pro rata cancellation on all risks. If that situation should ever come about, agents would be likely to resign companies and

transfer all of that company's insurance. At present, an agent may get in a huff with one of his companies and perhaps threaten to resign, but decides otherwise when the prospect of canceling short rate occurs to him and the whole matter blows over. Furthermore the business of an agent himself would be subject to greater competition if pro rata cancellation were permitted.

* * *

AGENCY BALANCES IMPROVED

Distinct and steady improvement in the collection of overdue agency balances throughout the east is reported by fire company officials. The good results are attributed to improved general busi-

ness conditions and to the systematic effort of field men in the liquidation of delinquent accounts. Of the approximately 20,000 local agents in the east, including those in the excepted cities, less than 3 percent are under supervision as to the management of their affairs by special agents, and a far less percentage are in the hands of company men as trustees.

H. E. Lawler has been taken into partnership in the Hummer & Wirtz agency at LaSalle, Ill. The name of the agency has been changed to **Hummer, Wirtz & Lawler**. Mr. Lawler has been manager of the Hummer & Wirtz agency for many years.

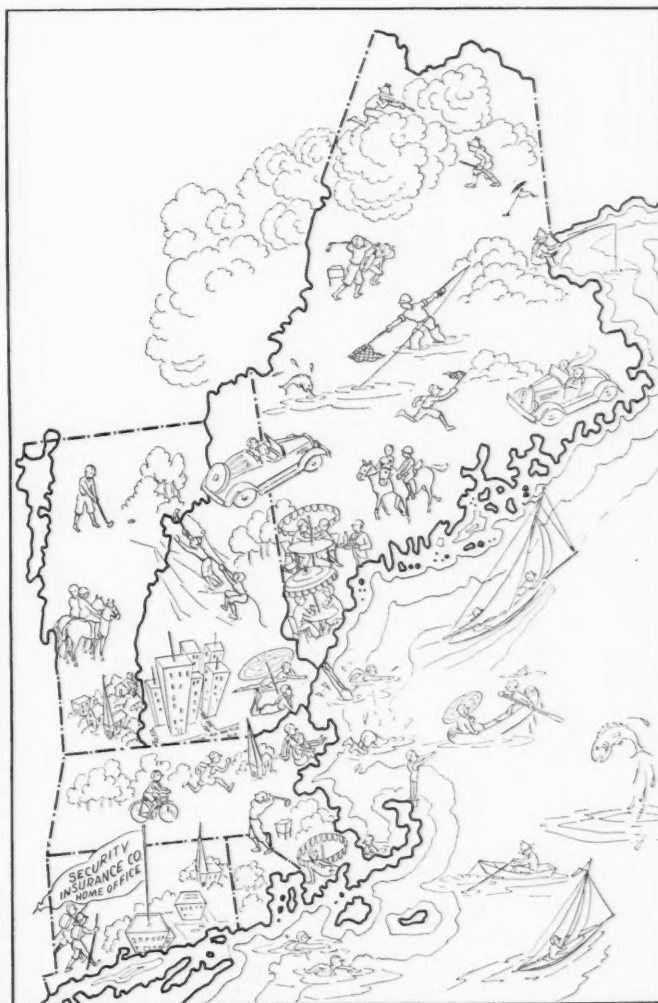
NEW ENGLAND VACATIONS

HISTORIC, beautiful New England is an ideal vacation spot. Restful tranquility of mountains, lakes or ocean, and peaceful quiet can be found here. In sharp contrast is bustling business and industrial activity, at the most only a few hours from vacation haunts.

Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut offer much to attract vacationists. Blue mountain lakes dot these states. Friendly hills beckon visitors. Streams wind their way through wooded sections. Seashore resorts serving famous shore dinners have their following. Villages with Colonial architecture and atmosphere are appealing. Famous places of American history seem everywhere. Unforgettable sunsets, scenic highways, unexcelled facilities for vacation sports—all appeal. Here truly is a vacation-land second to none.

Interesting places are readily accessible in New England. Less than a day's drive takes you from Maine's boundary to the southern line of Connecticut, a trip through five states. A few hours after leaving the Hudson River you arrive at the ocean. Come to New England this year. You will enjoy your vacation. If you request we shall be glad to have touring and vacation information sent you.

When you are in New Haven you will want to



see Yale University with its libraries, museums, gymnasium and the "Bowl." Then we should like you to visit us at number 175 Whitney Avenue. Here is the Home Office of a typical New England stock fire insurance company, old, conservative, progressive and strong.

1841

Security Insurance Company
OF NEW HAVEN, CONNECTICUT

AFFILIATE COMPANIES:

The Connecticut Indemnity Company
NEW HAVEN, CONNECTICUT

The East and West Insurance Company
OF NEW HAVEN, CONNECTICUT

California Union Insurance Company
SAN FRANCISCO

WESTERN DEPT.: ROCKFORD, ILL.

PACIFIC COAST DEPT.: SAN FRANCISCO, CALIF.

NEWS OF FIELD MEN

HOLC Complaints Are Cited

Ohio Field Men Hear Loss Drafts Held Up and Attorneys Are Cutting Into Insurance

Considerable discussion at the summer outing of the Ohio Fire Underwriters Association at Lake Wawasee, Ind., centered about Home Owners Loan Corporation insurance matters.

H. R. Underwood, Providence Washington, in his report as secretary of the association, said much complaint had developed because of the practice of attorneys, who act for mortgagors in arranging HOLC loans, in handling the insurance on such properties.

Mr. Underwood asked that the field men keep their ears open and report to the association where they find that attorneys are taking over the insurance.

Loss Drafts Held Up

Mr. Underwood also reported that assured and agents are complaining because loss drafts, where there is a loss payable clause to the HOLC, are being held up for two or three months. These drafts are sent to Washington by the insurance companies and apparently get lost in the labyrinth of red tape. The insured who is entitled to some of the proceeds of the policy, over and above the interest of the HOLC, is complaining and many cases of this kind have developed.

There will be no August meeting of the association. The next meeting will be Sept. 11.

An engrossing subject was the place for holding the annual outing. For many years these sessions were held at Cedar Point, O., but objection developed because of the size of the place. Diffi-

culty was found in holding the members together. There are only three inland lake resorts in Ohio and at none of these is there a hotel with adequate accommodations. The Lake Wawasee resort is large enough to accommodate the association and small enough to hold the crowd together, but it is 215 miles from Columbus and some of the members apparently hesitate to take that long a trip.

R. E. Vernor, head of the fire prevention department of the Western Actuarial Bureau, in his talk before the Ohio Fire Prevention Association, expressed doubt that losses will ever again be as high as they were in past years. He expressed the belief that the losses are at a permanently lower level. Fire departments are coming to realize that theirs is a scientific engineering job. He mentioned that in Oklahoma City several members who enter the service of the fire department to pay their way through college, after completing their education stay with the department. There has been a great increase in state and regional fire schools and colleges.

The improvement in building construction has been important. As a result of the activities of the National Fire Protection Association in attempting to reduce the dust explosion loss, the loss from that cause is now about \$20,000 whereas it once was \$500,000. Mr. Vernor said the decline in losses began about 1922. There has been about a 25 percent increase in activities of field men on fire prevention work during the past year. Inspections were conducted in 946 towns and 250,000 fire hazards were removed. Addresses were made before 6,000,000 people. On the average, 78 percent of the inspected risks were criticised.

A telegram was sent to W. N. Achen-

bach, western manager of the Aetna Fire, who is recuperating from an illness at his summer home in Bay View, Mich. Among the company men on hand was John Chickering of the western department of the Sun.

Bureau Field Men in Ohio Hold Their Summer Outing

CEDAR POINT, O., July 25.—The summer meeting of the Ohio Association of Fire Underwriters (the Western Insurance Bureau organization) was held here Monday and Tuesday. The business meeting was attended by nearly all of the members of the association. George E. Allen of the Security of Iowa gave an interesting talk on the balance situation. The ladies spent the afternoon at bridge while the men took over the golf course with appropriate prizes for the winners. This was followed by a good fellowship dinner. C. D. McVay, vice-president Ohio Farmers, touched optimistically on present business conditions. Bridge prizes were awarded to Mrs. W. W. Waters, Mrs. J. E. Amadon, Mrs. G. E. Allen and Mrs. McVay. Golf prizes were awarded to Mrs. G. G. Gross and Mrs. Waters, H. L. Newton, Monarch, J. C. Hiestand, secretary Ohio Farmers, W. C. Howe, Mr. McVay, G. S. Valentine, Ohio Farmers and C. H. Roggenkamp, Security of Iowa.

Communications of regret at being unable to attend were received from R. S. Danforth, assistant secretary Millers National, H. A. Clark, western manager Firemen's, I. H. Ramaker, assistant secretary Security of Iowa and F. S. Stewart, assistant secretary Monarch.

To Handle Two Jobs

PHILADELPHIA, July 25.—E. D. Douglass of Parkersburg, W. Va., who goes to the head office of the State of Pennsylvania, to take charge of the loss department, will also retain his posi-

tion as West Virginia state agent for the company. He will cover the state from the home office and by periodical visits.

Zimmerman Named as Ohio State Agent for Republic

E. R. Zimmerman, whose last connection was with the American National of Columbus, O., has been appointed Ohio state agent for the Republic of Dallas. Mr. Zimmerman has a wide acquaintance in the Ohio field. He served for several years until 1929 as inspector and engineer for the Ohio Inspection Bureau. He then joined the American National, serving as special agent in western Ohio. His headquarters will be at Columbus.

Firemen's Group Virginia Change

S. K. Frayser, who has been supervising Virginia for the National-Ben Franklin and the Milwaukee Mechanics of the Firemen's group, is relinquishing field work preliminary to being transferred to the home office of the Firemen's. W. G. Puller, Jr., state agent of the Firemen's, will take over the National-Ben Franklin, while George Garner, who supervises Virginia for the Concordia and the casualty companies of the Firemen's group, will take over the Milwaukee Mechanics. Mr. Frayser does not expect to enter actively on his new duties at the home office until early in the fall. He is a brother of L. P. Frayser, Virginia state agent of the Great American.

Farewell Dinner for Gibson

NASHVILLE, July 25.—A farewell dinner was given B. A. Gibson, state agent of the Home, who is being transferred to the Alabama field, by the Tennessee Blue Goose. Mr. Gibson came to Tennessee from New York 17 years ago. He was state agent of the National Liberty and after its affiliation with the Home group he became asso-

A REINSURANCE TREATY

May be just another contract—

But it should be an agreement which assures a sound and enduring form of partnership between insurer and reinsurer, based upon a joint interest in the best obtainable underwriting results.

INTER-OCEAN REINSURANCE COMPANY

REINSURANCE of FIRE, TORNADO and AUTOMOBILE LINES

EASTERN DEPARTMENT
123 William Street
New York City

HOME OFFICE
Cedar Rapids, Iowa

ciated with J. C. Schmitt as joint state agent for Tennessee.

A handsome desk organizer was presented to him by A. M. McClain, Great American, who was toastmaster. Complimentary talks were made by R. L. Alexander, farm department of the Home; J. H. Norton, manager Tennessee Inspection Bureau; J. F. Lee, superintendent Tennessee Audit Bureau; Leon McGilton, special agent American; J. O. Street, Hartford, and F. H. Warren, who offered a toast to his success in the new field.

The Ladies Auxiliary presented Mrs. Gibson a sterling silver flower bowl in recognition of her service as president of the auxiliary.

Indiana Blue Goose Elects

T. W. Sprickman Advanced to Most Loyal Gander—C. J. Richman Honored at Dinner

INDIANAPOLIS, July 25.—Officers elected at the annual meeting of the Indiana Blue Goose are: Most loyal gander, T. W. Sprickman, North America; supervisor, T. R. Dungan, Fidelity-Phoenix; custodian, G. L. Heinz, Springfield Fire & Marine; guardian, C. R. Watkins, New York Underwriters; keeper, D. D. Fitzgerald, American Central; wielder, Irving Williams, "Rough Notes."

Following the annual meeting, a dinner, with over 50 present, was given in honor of C. J. Richman, past most loyal gander, who retired July 1 as special agent of the American of Newark. J. N. Cline, retiring most loyal gander, was toastmaster, and spoke in high praise of Mr. Richman's work for the Indiana pond. He has been a member for 20 years and was elected most loyal gander in 1917.

F. D. Hess, assistant western manager of the American, said he and Mr. Richman had been employed at the same time, in August, 1912, as field men for the American and paid high tribute to Mr. Richman. J. B. Andrews, superintendent improved risk and brokerage department of the western department of the American, spoke in like vein. J. A. Bawden, state agent of the American for Indiana, spoke feelingly of the strong ties of friendship developed through their many years of association.

Other speakers were C. D. Lasher, manager of the Home in Chicago; J. H. Hellekson, Indiana state agent Springfield; Ross A. Moore, state agent Firemen's group; D. L. Jones, state agent Ohio Farmers; A. M. O'Connell, special agent Northern Assurance, and Irving Williams, editor of "Rough Notes."

John W. Noble, state agent of the Security of New Haven, on behalf of the Indiana pond, presented Mr. Richman with a wrist watch. Mr. Richman responded briefly.

T. W. Sprickman and T. R. Dungan were elected delegates to the grand nest meeting to be held in Omaha.

Winners of the golf tournament were: T. R. Dungan, low gross; Stuart Tomlinson, second low gross; E. N. Cunningham, handicap; A. W. Whittemore, low net; F. E. Dukes, second low net.

Death Ends Long Service

G. E. Sparrow, examiner of Florida

COMPANIES

With business on the upgrade you should make plans for the future. Many dependable, experienced insurance men now unattached can be reached by a want advertisement in The National Underwriter. A recent advertiser (name on request) says:

"We have received so many answers it will not be necessary to put the ad in again."

The cost per insertion of a one inch single column blind want ad is \$6, two inches \$12, three inches \$17.

business, Millers National, Chicago, died Tuesday. He was 34, and started as a file boy 17 years ago. Burial will be Friday in St. Adelbert cemetery, Niles Center, Ill.

Presentation to L. C. Riker

A special committee of the Kentucky Fire Underwriters Association, composed of M. C. Miller, Royal; B. B. Bean, Commercial Union, and H. W. Robertson, Hanover, recently visited Harrodsburg, Ky., to present Mr. and Mrs. L. C. Riker an attractive flat silver service, as a token of esteem and affection. Mr. Riker, who is Kentucky state agent of the London Assurance group, was married last spring.

B. F. Bushman Dies Suddenly

B. Frank Bushman, president of the Federal Reserve Life of Kansas City, Kan., was found dead in his garage in Kansas City, Mo., Tuesday morning. Mr. Bushman, with his father, F. E. Bushman, was originally in the real estate and banking business in Detroit. They obtained control of the General Casualty & Surety of that city, B. F. Bushman becoming president. Mr. Bushman also obtained control of the Fire Insurance Company of Chicago and was concerned in the tangled and lengthy litigation in the affairs of that company.

All Join in Portland Picnic

PORTLAND, ORE., July 25.—Members of the Portland chapter of the Oregon Agents Association, Surety Association, Special Agents Association, Accident & Health Managers Club, Oregon General Agents Association, Oregon Blue Goose, casualty and fire rating bureaus and managers and staff workers of all insurance offices attended a monster joint picnic at Jantzen Beach.

Fred A. Burgard, president of the Insurance Exchange, was in charge, while H. C. Pownall was general chairman of the outing and sports committee.

Auto Manuals Due Aug. 6

NEW YORK, July 25.—Delivery of the new rate manuals prepared by the National Automobile Underwriters Association has been promised by the printers on or about Aug. 6. On receipt the revised rates will become operative in practically all states of the Union, except those on the Pacific Coast where time is required for official filings.

Marine Office Changes

NEW YORK, July 25.—Important changes in the Pacific Coast organization of the Marine Office of America of this city have been announced by Manager S. D. McComb, under which the Pacific department will have jurisdiction over California, Nevada, Arizona and Utah, while the new northwestern department will supervise Washington, Oregon, Idaho, Montana, Alaska and the Canadian province of British Columbia.

Fred Galbreath of San Francisco will manage the Pacific department and P. A. Carew the northwestern division, making headquarters at Seattle.

G. S. Rosencrantz Is Dead

G. S. Rosencrantz of Boston, head of the firm of Rosencrantz, Hugar & Co., is dead. Funeral services were held Tuesday. For many years he had been general agent for the National Ben Franklin and Superior Fire.

Frank Lock Seriously Ill

Frank Lock, former United States manager of the Atlas and president of the Albany, is seriously ill at his home in Westfield, N. J., where he has been living quietly since his retirement from business a number of years ago.

CLAIM SERVICE
anywhere in the
United States or
Canada that as-
ures Illinois
National Casualty
policy holders
quick, satisfactory
service regardless
of where they drive.
Give your clients
this strong pro-
tection written at
Independent Rates.

Writing business in only the States of Illinois and Indiana
—exceptional claim service anywhere in the United States
or Canada.



C. H. Barr
President

J. V. Kennedy
Vice President

W. D. Kennedy
Treasurer

C. L. Morris
Secretary

A Stock Company Specializing in Automobile Insurance

AS SEEN FROM CHICAGO

BROKERS PLAN QUALIFICATIONS

Directors of the Insurance Brokers Association of Illinois at a meeting drew up detailed plans in their program to try to improve the qualification law and make stricter the process of licensing brokers. Insurance Director Palmer of Illinois has indicated a sympathetic attitude and is making preparation to require written examinations of all ap-

plicants not previously licensed in the state. Gail Reed, chairman executive committee brokers association, presided and outlined the situation. He told results of a survey of law provisions in other states where written examinations are required. He found these mandatory in New York, Connecticut, Maine, Pennsylvania and California. It is deemed impractical to require in Illinois



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written examination of all brokers, but only from those being licensed for the first time. Mr. Reed believes many unethical and improperly qualified brokers who have operated in Illinois previously and been licensed, may be eliminated by Director Palmer upon charges and a hearing. The brokers are anxious to have the law amended calling for an examining board of qualified brokers, but it is not known whether at this time this can be accomplished.

* * *

REPORT CHICAGO FIRE PREMIUMS

Returns on fire premiums written in Chicago for the year ended June 30, filed so far with the city comptroller, indicate that the mutuals, a large proportion of which throughout the depression years reported no premiums written there, are having much better results. A number of these were entered in Illinois for several years but annually reported no premiums written. Without exception so far they indicate returning premium income. Due to a change in the department collecting the premium tax on fire insurance, there has been considerable work done in checking over the old lists and finding companies which failed to report premiums written in previous years. The comptroller's office billed these companies and insisted upon payment of the tax, with the result that a large number of companies have reported in July whereas normally returns are slow. Several companies remitted for taxes due as far back as 1930, blank spaces for 1934 in the table indicating companies paying overdue tax.

The Liverpool & London & Globe thus far reports the largest premium income, \$273,509, with the Royal second, \$256,955. The Travelers is third with \$154,878, Merchants of New York fourth with \$128,363, Northern of London fifth with \$117,347. Returns are:

	1934	1933	1932
Amer. Auto.	9,026	5,016	7,039
Amer. Central.	73,579	90,790	90,367
Amer. Colony	305	.....	.....
Amer. Equit.	43,350	45,601	54,203
Amer. Drug.	1,532	1,665	1,463
Amer. & For.	4,614	3,313	6,410
Anchor	5,271	4,717	4,717
Assoc. F. & M.	178	.....	16,787
Badger Mut. . . . .	.....	712	.....
Blackstone M.	3,943	.....	.....
Carolina M.	1,190	625	1,531
Central Mfg. M.	35,761	753	.....
*Cent. of Edin.	27,678	*33,462	36,915
*Columbia, N.Y.	3,843	.....	.....
Com. Un. N. Y.	10,581	14,896	26,632
Cot. & Wool . . . . .	.....	.....	.....
Mf. M.	447	.....	.....
Eagle	19,940	12,378	19,619
Eag., St. & . . . . .	.....	.....	.....
Br. D.	50,826	60,765	65,910
Employers . . . . .	.....	16,104	.....
Empl. Mut. Cas. . . . .	.....	.....	7637
Enterprise Mut. . . . .	.....	.....	.....
R. I.	1,532	1,665	1,463
Equity Fire, Mo. . . . .	.....	11,653	4,110
Excelsior	2,161	1,752	.....
Fid. Mut. Ind. . . . .	.....	.....	.....
Fitchburg Mut.	385	409	284
Graphic Arts M.	2,109	1,962	.....
Gulf	13,767	9,737	.....
Hope Mut.	1,983	.....	.....
Impl. Deal. M.	1,104	145	156
Imp. & Exp. . . . .	.....	17,527	.....
Imp. Assur. . . . .	.....	12,290	*10,510
Iowa Mut. . . . .	.....	59	.....
L. & L. & G.	273,509	252,106	226,578
Lincoln	*5,272	11,723	25,879
Lond. & Scot.	18,496	33,997	45,639
*Lumbermen's	45,911	.....	.....
Lum. M. Mass.	10,340	9,687	10,864
Mfs. Mut., R. I.	2,554	2,775	2,438
Mark. Men's M.	476	.....	.....
Mech. Mu., R. I.	1,532	1,665	1,463
*Merch., N. Y.	128,363	150,006	199,139
Mer. Mut., R. I.	2,556	.....	.....
Mill Owners . . . . .	.....	.....	.....
Mut., Ia.	9,131	7,347	12,690
Millers M. Tex.	6,632	5,945	6,277
Millers Mu., Pa.	3,211	2,986	3,018
Monarch, O. . . . .	.....	276	.....
Nat. Jewel. M.	2,218	.....	.....
Nat. Petr. M.	673	.....	.....
Nat. Un., Pa.	80,061	*30,207	.....
Nat. Un., Pa. . . . .	.....	.....	12,666
Newark Fire	58,350	40,378	39,410
Northern, Lon.	117,347	105,263	122,791
N. W. Mut Fire, . . . . .	.....	.....	.....
Seattle	14,404	9,476	11,769
Norw. Un.	64,125	73,693	79,510
Ohio Farmers.	22,455	18,177	16,891
Ohio Haw. M.	1,048	882	2,176
Ohio Mut.	602	186	305
Palatine	658	648	1,146
Pawtucket M.	4,560	3,200	2,438
Pa. Millers Mu.	5,079	3,587	5,895
Prof. Class M. . . . .	.....	70	.....
Provident, N. Y.	19,695	19,799	27,969
Prov. Wash.	103,635	75,291	80,022
Queen	86,246	73,620	95,447
Republic, Tex.	17,182	20,572	41,144
Royal, Eng.	256,955	246,814	303,931
Rhode Isl. M.	2,554	2,775	2,438

	1934	1933	1932
Royal Exch.	157,127	109,130	48,130
Rub. Mfgs. M.	447	.....	.....
Sec. Mut., Minn. . . . .	.....	10	.....
Skandia	111,134	20,459	.....
South Carolina.	327	112	.....
Standard, N. J.	69,611	69,591	66,823
Star	42,987	44,907	45,079
State Mut., R. I.	3,065	3,330	2,926
*State of Pa.	10,806	.....	.....
Transportation. . . . .	.....	.....	4,898
Travelers	154,878	98,964	121,703
Trinity Univ. . . . .	.....	11,735	.....
Union As., Eng.	13,979	14,049	17,820
Union Ins., Ind.	541	278	.....
Union Mu., R. I.	4,087	1,486	1,621
Un. Fire, Acc. . . . .	.....	.....	.....
& Gen.	17,593	.....	17,593
*United Fire-	27,196	46,461	47,761
*Unit. Firemen's . . . . .	.....	19,534	14,175
United M., Mass.	35,911	25,455	22,899
U. S. Mch. & . . . . .	.....	.....	.....
Ship. . . . .	.....	.....	36,017
Universal, N. J.	11,250	*9,020	65,945
Va. F. & M.	2,598	8,907	16,540
Wash. Assur.	228	1,241	1,322
West. & South. . . . .	.....	1,532	.....
West'n Und. M. . . . .	.....	189	.....
What Cheer M.	1,912	.....	.....
Worces. Mf. M.	426	.....	.....
Zurich, N. Y.	12,551	1598	1871

*Incomplete.

†Automobile.

‡Does only reinsurance business now.

* * *

LESSONS FROM BIG FIRE

The "Factory Mutual Record" points out the lessons illustrated by the big fire in the Chicago stock yards. That fire, the publication states, shows the practical impossibility of holding a fire within reasonable limits, even though promptly attacked, in such highly combustible, open construction as the slatted plank pens, light wooden sheds and long elevated wooden runways of the stock yards.

The great fire danger suggests the need of non-combustible construction for sheds, barns, pens and elevated runways within the stock yards area, at least sufficient to form fire barriers. Covered pens or runways of combustible construction need automatic sprinklers.

Important buildings near such serious exposures as this should have wired glass in steel sash and open sprinklers with strong water supply. The need of automatic sprinklers in important buildings of combustible construction and even in so-called fireproof buildings, if trim, furniture, fixtures and other contents are combustible, is again shown.

* * *

HENRY BRUMMEL, WIFE, HELD UP

Henry C. Brummel of the Brummel Brothers agency, Chicago, and his wife were held up in their car Sunday night as they were dropping off some friends near their home. Mrs. Brummel lost two handsome rings, one valued at about \$7,500, the total loss being placed at around \$10,000.

* * *

CLASS 1 CHANGES

Harry F. Thomas of the Rollins, Burdick, Hunter Company agency has been elected to class 1 membership in the Chicago Board, taking over the membership of the late Arch O. Burdick. A. E. Forrest of R. H. Gore & Co. has resigned as a class 1 member as has Oscar A. Stoffels of Edgar O. Stoffels & Co.

* * *

SALE FINALLY MADE

The final chapter has at last been written in the controversy over the sale of 16,000 shares of Farmers National Life stock which is in the portfolio of the defunct Fire Insurance Company of Chicago and which had been posted as collateral with the Western Casualty of Fort Scott, Kan., on an appeal bond. When judgment was entered and the Western Casualty called on the receiver of the Fire Insurance Company of Chicago to pay, an auction was held for the sale of the Farmers National Life stock. B. Frank Bushman, president of the Federal Reserve Life of Kansas

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City, Kan., who died Tuesday of this week, was the only bidder. He offered \$20,000 in the name of his mother-in-law. The court refused to approve the sale and the Western Casualty then offered the stock at public sale in Chicago. It was sold for \$20,000 to Mr. Bushman's mother-in-law. The loss under the appeal bond was \$14,000 so there will be a surplus to return to the receiver for the Fire Insurance Company of Chicago. Mr. Bushman's death will not interfere with consummation of the sale as a certified check was given.

* * *

LAWSON EDITS SALTY BULLETIN

The western marine department of the Fireman's Fund in Chicago, managed by E. D. Lawson, is getting out "The Log," an insurance bulletin of nautical flavor which appears now and then. It is edited by Mr. Lawson himself, who signs it "The Admiral," taking the title doubtless from the fact he recently was commissioned by Governor Laffoon of Kentucky as "admiral of the Great Lakes." Mr. Lawson has devised a novel method of passing out honors to the men in the field who are producing business. He employs the idea of marine titles grading up from apprentice seaman through able seaman, third, second and first mate, etc., to captain, depending upon the amount of premiums received from the agents. The publication is breezy and has the salt tang of the ocean in it.

* * *

Chief of Police John Paller of Evergreen Park, Ill., was convicted on a charge of defrauding an insurance company in a plot to collect \$850 insurance on theft of an automobile and sentenced to one to five years in prison. A divorcee and a young member of a gang which confessed stealing 103 cars were codefendants.

R. F. C. Loans Summarized

WASHINGTON, July 25.—Twenty-three loans to insurance companies, involving some \$24,000,000, were authorized by the Reconstruction Finance Corporation in the fiscal year ended June 30, according to figures just made public.

A brief financial statement prepared by the corporation shows 17 "loans and purchases" to insurance companies during the year, the amount authorized, including commitments, being \$4,576,100. Authorizations withdrawn or canceled totaled \$7,536,955, the amount disbursed was \$5,515,603, and repayments on loans totaled \$44,689,180.

In addition, six loans totaling \$19,375,000 were made on preferred stock, of which \$15,875,000 was disbursed during the year.

Continue San Francisco Patrol

At the semi-annual meeting of the Underwriters Fire Patrol of San Francisco it was voted to continue the patrol and to levy the regular 2 percent assessment. W. A. Louis, manager New Zealand, is secretary of the patrol.

INSURANCE STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago, at close of business July 23, 1934

Stock	Par	Share	Bid	Asked
Aetna Cas.	10	2.00*	50 1/2	52 1/2
Aetna Fire	10	1.60	39	41
Aetna Life	10	.10	16 1/2	17 1/2
American, N. J.	2.50	.50	11	12
Amer. Surety ...	25	.50	25	27
Automobile, Conn.	10	1.00	19 1/2	21
Boston	100	16.00	5.00	5.25
Contl. Assur.	10	2.00	30	32
Continental Cas.	5	.60	11	13
Continental Ins.	2.50	1.20	29	30
Fidel.-Phenix ...	2.50	1.20	29	30
Fire Assn.	10	2.00	49	50
Fireman's Fund.	25	3.00	57	59
Fireman's F. Ind.	10	...	19	21
Firemen's ...	5	...	6	6 3/4
Franklin Fire ...	5	1.05*	22	24
Glens Falls	10	1.60	28	30
Globe & Rutgers ...	25	...	37	40
Great American.	5	1.00	18 1/2	19 1/2
Great Amer. Ind.	1	...	6	8
Hanover	10	1.60	29	31
Harmonia	10	1.00	21	22 1/2
Hartford Fire ...	10	2.00	53	55
Home, N. Y.	5	1.10*	24	25
Ins. Co. of N. A.	10	2.00	47	48
Maryland Cas.	1	...	1 1/2	2 1/4
Mass. Bonding ...	12.50	...	14	16
National Cas.	10	...	7 1/2	8 1/2
National Fire ...	10	2.00	54 1/2	56
National Liberty ...	2	.25*	5 1/2	6 1/2
National Union ...	20	...	85	92
New Amst. Cas.	5	.80	8	9
New Brunswick.	10	1.00	34	36
N. Hampshire F.	10	1.60	37	38
Phoenix, Conn.	10	2.00	62	64
Preferred Accl.	5	...	9	12
Prov. Wash.	10	1.00	29	31
Security Ins. ....	...	1.40	23	30
Sprgfd. F. & M.	25	4.50	97 1/2	99 1/2
St. Paul F. & M.	25	6.00	146	149
Travelers	100	16.00	400	425
U. S. F. & G.	2	...	4 3/4	5 1/4

*Includes extra.

U. S. Fire Refuses to Waive on Schenley's Late Reports

LOUISVILLE, July 25.—The United States Fire of the Crum & Forster group is the only company on the I. U. B. schedule of the Schenley Distillers Corporation, which has refused to waive the question of current monthly reports, in adjusting the loss to the Schenley liquor warehouses in Lexington, Ky., according to T. V. Ponder of Ponder, Hart & Co., of Louisville, adjusters for the Schenley people. The U. S. Fire covered 5 percent of the \$19,000,000 schedule and its pro rata loss was \$132,523.

The Schenley people prior to the fire had not made a report of value since Dec. 31, 1933, at which time values reported were only about \$600,000. The loss was finally adjusted on the basis of \$2,655,467. Mr. Ponder states the U. S. Fire has indicated it would resist paying more than its proportion of values as shown when the Dec. 31, 1933, report was made, at which time its loss would have been only about 25 percent of the loss at time of fire.

The Kentucky Association of Insurance Agents has arranged a meeting of its executive committee in Louisville, on

July 27. At this time the special committee named to investigate the Schenley loss and I. U. B. methods of underwriting it, will also meet.

Draft New Qualification Bill

A qualification law, to be introduced at the January, 1935, session of the

legislature, has been drafted by the legislative committee of the Insurance Agents League of Washington. The act provides for an examination to be given each first-time applicant for agent's license by the insurance commissioner. The measure does not include life or accident and health agents.

DEPENDABLE

Policyholders in the American Motorists Insurance Company enjoy an added sense of security as a result of the company's conservative underwriting and investment policies, followed since organization.

Cash assets of this legal reserve stock company now exceed \$4,300,000, including over \$1,300,000 surplus to policyholders.

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PERSONAL SIDE OF BUSINESS

A. B. Tisher, for many years head of the A. B. Tisher & Co. agency, Marietta, O., the oldest agency there, died following a brief illness with heart trouble.

O. J. Sawyer, vice-president Vanden Bosch & McVoy agency, and P. F. Seefeld of the Michigan Inspection Bureau, both of Grand Rapids, were injured in an automobile accident near Ludington, Mich., on returning from a fishing trip, but are recovering in a hospital. Mr. Sawyer suffered severe chest injuries and bruises on the head and Mr. Seefeld a broken jaw.

Bennett B. Bean, Lexington, Ky., special agent Commercial Union group, suffered painful injuries when his car was wrecked in an accident just out of Lexington. He expects to be around again in a few days.

L. F. Michael, vice-president of the Fidelity & Columbia Insurance Co. and Fidelity & Columbia Trust Co., died in a Louisville hospital following an operation.

In recognition of 25 years service as Pacific Coast manager of the Fire Association, F. M. Avery was presented a beautifully engraved silver tray by C. L. Barsotti, assistant Pacific Coast manager, on behalf of employees of the office.

H. P. French, vice-president of Marsh & McLennan of Chicago, in charge of the automobile department for 24 years and considered one of the most capable and astute underwriters and production men in this line, died Sunday night after an illness extending since March. It is believed death was due to a heart attack. Mr. French went into the insurance business shortly after graduation from school. He was with the Hartford Fire for eight years, traveling in Canada for two years. He went with Marsh & McLennan in 1911, at first having charge of automobile, jewelry and tourist floaters until these latter items were placed in a separate department. Practically all of his insurance experience was in Chicago. He was 55 and is survived by his widow. Funeral services were held Wednesday at the French's apartment in Chicago, and burial was in Rose Hill cemetery there. Mr. French was widely known as a real authority on automobile insurance. He was a man ingenious in devising coverages. Marsh & McLennan as yet has taken no action toward appointing a successor. Mr. French was a son of B. W. French, former western manager of the Orient. A brother, Charles B., formerly was assistant United States manager Manchester and former assistant manager Orient under the father, and another brother, Stewart, in the past was a Chicago local agent.

C. A. Shaw, 94, former president of the Hanover Fire and director until his death, was buried at his home town, New York Mills, near Utica, N. Y., services being held at his home in Poughkeepsie. He was associated with the Hanover as employee, officer and director for 68 years. He served in the Civil War after teaching school, and entered the Hanover office as clerk in 1866. He became assistant in 1884, second vice-president in 1896, vice-president and secretary in 1899 and president in May, 1900, retiring in April, 1906. He was appointed to the board of water supply of New York City.

J. L. McCulloch, 71, president of J. J. McCulloch & Co., Montreal general and marine agents, died at his home. He was born in Liverpool and for 25 years was assistant secretary and claims adjuster for the Thames & Mersey Marine. He joined Dale & Co., marine agents of Montreal, 30 years ago and

later organized his own firm. At one time he was chairman executive committee Canadian Marine Underwriters Association.

Rosse Case, well known local agent of Marion, Kan., was in Chicago last week for a few days conferring with company officials on some of the farm insurance problems. This is the first time that Mr. Case has been away from his home, except for one trip to Topeka, in more than two years. He had a long siege of illness, but is now able to navigate in good shape, by taking precautions. He lost 40 pounds during his illness.

Ernest Sturm, chairman of the America Fore companies, accompanied by Mrs. Sturm and their daughter, Miss Ruth, sailed from New York on the "Rex," for Gibraltar, intending to spend three weeks touring Spain. Miss Sturm is a law student at Columbia, having graduated from Vassar College two years ago.

W. W. Graves, 58, one of the best known field men of the south, was found dead in bed in Montgomery, Ala., apparently from a heart attack.

He had served almost 25 years continuously as Alabama special agent of the North British fleet. He was a past president of the Alabama Field Men's Association and a past most loyal gander of the Alabama Blue Goose. He was an ardent sportsman and an enthusiastic supporter of college athletics.

Her many insurance acquaintances are extending felicitations to Mrs. Lawrence Church, nee Evelyn Jennings, who became the bride the past week of a young Battle Creek hotel man. Mrs. Church is secretary to J. E. Reault, actuary and chief examiner of the Michigan department, and in that capacity has met a large number of company executives, agents and others affiliated with the business.

S. J. Risk, prominent local agent of Muskegon, Mich., has announced his candidacy for the Democratic congressional nomination in the ninth Michigan district. Mr. Risk, who is an ardent champion of the Roosevelt "new deal," is attacking the incumbent congressman, H. W. Musselwhite, on the ground that he has been lukewarm or hostile to the national administration policies. He narrowly defeated Mr. Risk for the nomination in 1932.

E. K. Schultz, general agent in Philadelphia for the Millers National and Ohio Farmers, is in Germany, visiting the ancestral home of his family. He intends to return about the middle of September. He is accompanied by his daughter, Mrs. George W. Mosser and his granddaughter.

G. D. Gregory, secretary in the western department of the Great American, is leaving this week for a vacation at his home in Allenhurst, N. J., near Asbury Park. Mr. Gregory established his home in Allenhurst when he was a special agent in New Jersey and continued to reside there while working in the head office of the Great American. His family is spending the entire summer there.

H. B. Carson, secretary Mill Owners Mutual Fire of Des Moines, has just completed 25 years of service with the company.

Miscellaneous Notes

J. C. Chessier, Jr., president of the Augusta (Ga.) Board, is the father of a son.

Raymond Glass, manager of the Hal-lowell Company agency, Waterloo, Ia., was married to Miss Glee E. Morgan of Worthington, Minn.

The Genius of R. J. Sullivan

R. J. SULLIVAN was regarded by many as the Number 1 man in the casualty business and there was even greater unanimity as to the position he occupied when it came to compensation insurance. He was cut down at the height of his usefulness to his company and to the casualty business. The tragedy of his death gripped the business—to those who knew him and feel the personal loss and to all, who know the workings of casualty insurance and the vacancy that has been brought about.

Mr. SULLIVAN had a rare genius. He approached every business question and incident with what appeared as almost superhuman intensity. He never treated anything casually. It was a marvel to his friends how he could operate day after day and year after year with such intenseness. Some say because he was Irish and because he was wiry. In addition, his mental processes were profound and at the same time precise. He was quick to grasp a conception of fundamentals, but at the same time he was a sponge, absorbing and retaining facts. He knew names, dates and places. He was a real student. Furthermore he had the advantage of su-

perb training. He was a protege of the late President BUTLER of the TRAVELERS and went through the mill under Mr. BUTLER's close tutelage. He also had the benefit of close association with W. G. COWLES, who just recently completed 50 years of service with the TRAVELERS. This combination of traits and circumstances created in Mr. SULLIVAN a magnificent executive.

Mr. SULLIVAN was an astute parliamentarian. He was the TRAVELERS' representative on the various casualty committees and conferences and he always entered a meeting with a conviction as to the proper procedure and conclusion that should be reached. He always championed his point of view with force, marshaling facts and theories with amazing skill. He was never intolerant of conflicting views and was always most considerate, though forceful in argument. Through his influence at these meetings, he has left his mark on the business in countless ways. Men may develop to take over the functions of Mr. SULLIVAN in the TRAVELERS' organization and in the business as a whole, but they will never fill his place in the way in which he filled it.

What Extra Work Can Accomplish

THE record made by the agency operated by WADE PATTON in HUTCHINSON, KAN., in having seven men, including Mr. PATTON, obtain their quota of 13 accident applications on Friday, July 13, is evidence of what a general insurance agency can accomplish when its production machinery is keyed up. That would be a remarkable record for an agency in a city of any size, but it is even more so in an office operating in a town of less than 30,000 population. Mr. PATTON apparently saw the possibilities in the "hoodoo" day drive, which was sponsored by "THE ACCIDENT & HEALTH REVIEW," poured some fire and vinegar into his organization and got the results.

Men can outdo themselves under pressure, whether of time or of competition. They cannot permanently operate with feverish activity, but in retrospect, a period of intense overwork is satisfying. The life insurance companies recognize that

agents can make exceptional records if they are steamed up and the companies go to great lengths in devising contests that will engender the steam. Some think that the life companies overdo this. However that may be, it is worth while for the general fire and casualty office once in a while to fire up its production energy to fever heat.

NEVER mind what has been. Remember that every morning begins a new day—a day for fresh endeavor, a day that may and should be filled with hope and gladness. Don't add to your blunders by condemning yourself too harshly for your errors and shortcomings. Better folks than you have made worse mistakes and bigger failures. Forgive yourself as fully and freely as you would forgive another, and go cheerily on, leaving the shadows of regret behind.—Maryland Trooper.

Thanks, Mr. Taylor....

We sincerely appreciate your letter!

MORRIS G. TAYLOR

FIRE
TORNADO
PLATE GLASS

SEWARD-TAYLOR INSURANCE AGENCY
GENERAL INSURANCE
CORNER THIRD AND HIGH STREETS
HAMILTON, OHIO
June 29, 1934.

BONDS
ACCIDENT
AUTOMOBILE

Mr. B. G. Dawes, Jr., President,
The Eureka-Security Fire & Marine Ins. Co.,
Cincinnati, Ohio.

Dear Mr. Dawes:

Seventy years is a ripe old age for an Insurance Company as for an individual. To grow old gracefully we believe that an individual must have strength of character and must base his life upon the principles of the Golden Rule.

The history of the Eureka-Security indicates that the same principles apply in the case of a Corporation.

This Agency takes great pride in the fact that it has played a part in the building of your success. We believe we have represented your good Company for more than fifty years, and no Agency represents a Company for more that length of time unless the connection is highly satisfactory.

We congratulate the Eureka-Security Fire and Marine Insurance Company upon its wonderful record, and we hope that we may be privileged to extend similar congratulations upon its one hundredth anniversary.

Very truly yours,
Seward-Taylor Insurance Agency,

By- *Morris G. Taylor*

We have been asked many times, "How do you account for the long service periods, loyalty and friendship of Eureka-Security agents?" Our only answer, "We treat them right at all times."

Agents interested in representing this old, dependable company that gives exceptional service to agents should write the Home Office at Cincinnati.



The **EUREKA-SECURITY**
FIRE & MARINE INSURANCE COMPANY
ESTABLISHED 1864
CINCINNATI OHIO

MGT/JD

FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Methods of Rating Criticised

Commissioner Mortensen of Wisconsin Challenges Classification System in Case of Village

MADISON, WIS., July 25.—Commissioner H. J. Mortensen of Wisconsin launched into sharp criticism of the present rating and classification system in denying the village of Sun Prairie its plea for advancement to Class 6, stating that he is "allowing the Fire Insurance Rating Bureau's figures and method of computation stand for want of a better system."

"The engineers testified that they had no knowledge whatsoever of fire rates and knew nothing about the fire loss experience growing out of their grading practice," the commissioner says. "They testified that the deficiency points were not based upon experience of fire losses and bore no practical relation to fire loss ratios. Testimony shows that certain charges are made against a municipality on account of its location and exposure as indicated by Section 14 on Page 74 of the schedule; that penalties were imposed for exposed transmission wires, for fire department making runs into the county and temporarily leaving the municipality without the services of an adequate fire department; that charges were imposed for lack of fire department keeping proper records; the officers not being under civil service, for failure to comply with certain laws, rules and regulations imposed by state departments, and many other conditions which seem to have little relationship to proper fire defenses or hazards. One significant illustration of this is where increased charges were made against this village because only four men of the Madison fire department responded to a call for assistance, whereas had a larger number reported, the points of deficiency would have been somewhat less. Considering that the grading of a municipality is done only once in every eight or ten years, it would seem unreasonable to make a fluctuation in the deficiency points for such a trivial thing which will vary from time to time. Conditions and items are constantly changing, so that if a municipality is close to the border line in being placed either in one class or another, a few feet of hose or the character of keeping the fire department records, or the improvement of a portion of the streets and the like, would move it from one class to another."

Cleveland Bar to Conduct Probe of Ohio Department

CLEVELAND, July 25.—A committee has been appointed by the Cuyahoga County Bar Association to make a thorough investigation of the insurance situation in Ohio, including the "method and manner in which the commissioner of insurance is conducting his office in Ohio under existing powers."

According to J. L. Stern, president of the bar association, the public of Ohio has been exploited and caused to suffer great losses as a result of improper regulation of insurance companies. He urged that the committee suggest stricter legislation and otherwise determine how there can be a general housecleaning in the state. He said the committee must see that none but safe and bona fide insurance policies are sold in Ohio by reputable managed companies under competent supervision and discipline. He said this is a task of tremendous importance. Mr. Stern

outlined the committee's work as follows:

To investigate and report causes of the many failures of insurance companies doing business in Ohio, with resulting heavy losses to policyholders and creditors.

To investigate and report what percentage and classes of claims are being resisted and compromised by insurance companies and whether any companies make a habitual practice of contesting a large percentage of claims.

To investigate all companies whose business consists primarily or largely of so-called industrial insurance and to ascertain whether the purchasers of such insurance receive adequate protection and fair value for the premiums charged.

To investigate the method and manner in which the commissioner of insurance is conducting his office in Ohio under existing powers.

To present recommendations for the enactment of a new insurance code, for consideration by the Ohio general assembly.

Organization Is Formed by Southern Minnesota Agents

The Southern Minnesota Agents Regional Association was formally organized at a meeting in Owatonna, 26 agents being on hand. The agents in the district have been holding monthly meetings for two years but they have not been organized. At the Owatonna meeting, constitution and by-laws were adopted and officers elected, L. A. Brown of Albert Lea being president; C. S. Babcock of Austin being first vice-president; Mabel Barrett, Faribault, second vice-president; E. A. Storrivick, Albert Lea, secretary-treasurer; A. A. Hirman, Rochester, chairman program committee, and H. E. Miller, St. Peter, chairman membership committee. Those eligible for membership are agents residing in the southern three tiers of counties in Minnesota, operating a recording agency and belonging to the state and national associations of insurance agents.

At the Owatonna meeting there was considerable discussion of the Commodity Credit Corporation insurance question and the secretary was instructed to communicate with Minnesota senators and congressmen urging them to oppose placing of the CCC insurance in the hands of a few brokers. A committee was appointed to bring out the attendance at the annual convention of the Minnesota Association of Insurance Agents in St. Cloud, Aug. 24-25.

Williams County Agents Elect

The Williams county, O., local board, meeting at Bryan a few days ago, chose permanent officers as follows: H. M. Kelly, Bryan, president; W. H. Knepper, Edon, vice-president; H. O. Caughey, West Unity, secretary.

Fight Bank Department Rule

LINCOLN, NEB., July 25.—The Nebraska Association of Insurance Agents has been vainly trying for several weeks to secure a reversal of a ruling which has had the effect of taking from local agents the business they handled for failed state banks before they were taken over by the state banking department. The department is dividing this business among agents of its own selection, located in other places than where the properties of the bank are to be found. The association executives insist that the business should be handled by men on the ground; but the

department has replied that it has had unsatisfactory service from so many local agents that it must adhere to its rule.

Celebrates 15th Anniversary

KALAMAZOO, MICH., July 25.—The James M. Wilson Agency observed its 15th anniversary over the week-end with an extensive two-day celebration at the Kalamazoo Country Club and LaBelle Resort, Gull Lake. Employees of the main offices here and of the Detroit and Grand Rapids branches attended the affair with their families. Several company officials from New York, Detroit and Indianapolis were also present. The Wilson agency was founded in July, 1919.

Plan Booth at State Fair

The Kansas Association of Insurance Agents is planning a booth with fire prevention demonstrations at the Kansas State Fair at Hutchinson, Sept. 16-21. Harry Davis of the Fontron Insurance Agency, Hutchinson, is in charge and has been promised the cooperation of the Kansas Fire Prevention Association, the Kansas department of inspections, and the Kansas Inspection Bureau. H. K. ("Smoky") Rogers will put on a program Sept. 17 which is "children's day," and each day will include some special demonstrations by prominent fire preventionists.

Fewer Agents Licensed

LANSING, MICH., July 25.—The past year has witnessed a material reduction in the number of agents licensed in Michigan, making allowance for a new law requiring the licensing for the first time of farm mutual representatives, according to R. M. Morse, head of licensing division of the department.

To July 1, 1934, 57,023 licenses had been issued as compared with 54,354 last year. Included in the 1934 figure, however, are 3,406 farm mutual licenses which, when subtracted, show a decline of more than 700 in the number of licenses of other classes. The farm mutual licensing law did not become effective until Aug. 28, 1933.

McFadyen Prevention Supervisor

GRAND RAPIDS, MICH., July 25.—Fire prevention campaigns throughout Michigan are to be supervised in the future for the National Association of

Commercial Organization Secretaries by A. T. McFadyen, secretary of the Grand Rapids Association of Commerce. He has just been designated to handle fire prevention work for the association as head of a special committee. He is now attempting to enlist as many as possible Michigan cities in the fire waste competition sponsored by the U. S. Chamber of Commerce. The fine results achieved in Grand Rapids' own continuous campaign, now rounding out its tenth consecutive year, undoubtedly had much to do with choice of Mr. McFadyen as advisor in such matters for other communities.

Hot Weather Program in Wichita

WICHITA, KAN., July 25.—A hot weather program was held by the Wichita Insurers at the meeting last week. No set program was scheduled and President Paul Yankey tendered the floor to anyone who had any problem to bring before the meeting. Problems of the National, state and local associations were discussed. C. J. Wintröe of Kansas City, with the marine department of the Royal, was a guest.

Is Absolved of Charges

Charles Johnson, superintendent of the Minneapolis Fire Prevention Bureau, in hearing before the civil service commission was absolved of charges preferred by Chief Traeger and returned to his post as superintendent and assistant engineer of the fire department. He was suspended for 90 days March 1, charged with neglect of duty and orders, making false reports about department members and incompatibility.

MIDDLE WEST NOTES

E. M. Braddock, 73, local agent at New Lexington, O., for 30 years, is dead.

The Stoneburner Agency, Columbus, O., has been incorporated by L. D. Gardner, J. R. Smith and H. C. Park.

G. M. Danley, staff inspector with the Topeka office of the Kansas Inspection Bureau for the past 14 years, was married last week.

Barney Duff has become a junior partner in the reorganized agency of Marner, Nelson & Duff, Saginaw, Mich. Frank Marner and D. H. Nelson are the other firm members. Mr. Duff, who has had 14 years insurance experience business, has been district manager in Flint for the Great West Life.

IN THE SOUTHERN STATES

Few Mixed Agencies in South

S. E. U. A. Executive Committee Reports Situation Throughout Territory Well in Hand

NEW YORK, July 25.—Aside from Florida there are few mixed agencies throughout the territory of the Southeastern Underwriters Association, it was reported at the mid-year meeting of the executive committee in Asheville. Largely because of effective work by field men in North Carolina there is not a mixed agency in that state. A few exist in South Carolina, Georgia and Alabama, but generally speaking the territory is in better shape in this respect than any other section of the country.

Expect Agreement Soon

This was the regular meeting of the committee following the annual gathering. No action was taken regarding mutuals, the proposal made by the S. E. U. A. at the annual meeting in Hot Springs to three non-stock companies not having been fully worked out by the latter, largely because of absences of of-

ficials. It is anticipated agreement will be reached early in September.

Asheville has been a favored meeting place for members of the executive committee for over 30 years.

Tennesseans Pick Memphis

The Tennessee Association of Insurance Agents will hold its annual meeting Oct. 3-5 in Memphis. The event will also mark the 75th anniversary of the Memphis Insurance Exchange. S. M. Williamson is chairman of the general committee, and other chairmen are: Program, John M. Dean; entertainment, John Dickinson; reception, Will Johnson.

Furman Gives Lawn Party

The Greenville (S. C.) Association of Insurance Agents gave a lawn party at the summer home of A. G. Furman, prominent Greenville agent, on Paris Mountain. Agents attended from nearby towns. S. F. Cannon, member executive committee state association, and B. C. Langford, president Spartanburg local board, were present. Commissioner King also was a guest.

LOYALTY GROUP

FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

ORGANIZED 1855

80 YEARS IN BUSINESS

Surplus to Policyholders, Dec. 31, 1933, \$15,719,163.78

(Securities at Market Value)

Organized 1853

THE GIRARD
FIRE & MARINE INSURANCE CO.
Surplus to Policyholders Dec. 31, 1933

\$2,380,826.52

Securities at Market Value
82 YEARS IN BUSINESS

Organized 1854

THE MECHANICS
INSURANCE COMPANY OF
PHILADELPHIA
Surplus to Policyholders Dec. 31, 1933

\$2,181,651.19

Securities at Market Value
81 YEARS IN BUSINESS

Organized 1866

NATIONAL-BEN FRANKLIN
FIRE INSURANCE CO. OF
PITTSBURGH, PA.
Surplus to Policyholders Dec. 31, 1933

\$2,254,726.35

Securities at Market Value
69 YEARS IN BUSINESS

Organized 1874

THE METROPOLITAN
CASUALTY INSURANCE CO.
OF NEW YORK
Surplus to Policyholders Dec. 31, 1933

\$2,216,188.12

Bonds Amortized—Stocks Market Value
61 YEARS IN BUSINESS

AVERAGE AGE

LOYALTY GROUP COMPANIES

OVER 66 YEARS

GROUP LOSSES PAID

OVER

FOUR HUNDRED MILLION

\$413,592,692.72

A LOSS PAYING RECORD

PROVING SECURITY
AND STABILITY

OUR BUSINESS ASSETS

MERIT CONFIDENCE

THESE ARE

AGE - EXPERIENCE - GOOD FAITH

SUCCESS - PERFORMANCE

SOUND INSURANCE PRINCIPLES

Organized 1852

MILWAUKEE MECHANICS'
INSURANCE COMPANY
Surplus to Policyholders Dec. 31, 1933

\$5,021,440.67

Securities at Market Value
83 YEARS IN BUSINESS

Organized 1871

SUPERIOR
FIRE INSURANCE COMPANY
Surplus to Policyholders Dec. 31, 1933

\$1,780,616.49

Securities at Market Value
64 YEARS IN BUSINESS

Organized 1870

THE CONCORDIA
FIRE INSURANCE COMPANY
OF MILWAUKEE
Surplus to Policyholders Dec. 31, 1933

\$2,411,805.55

Securities at Market Value
65 YEARS IN BUSINESS

Organized 1909

COMMERCIAL
CASUALTY INSURANCE CO.
Surplus to Policyholders Dec. 31, 1933

\$2,015,905.60

Bonds Amortized—Stocks Market Value
26 YEARS IN BUSINESS

WESTERN DEPARTMENT
844 Rush Street
Chicago, Illinois

CANADIAN DEPARTMENT
461 Bay Street
Toronto, Canada

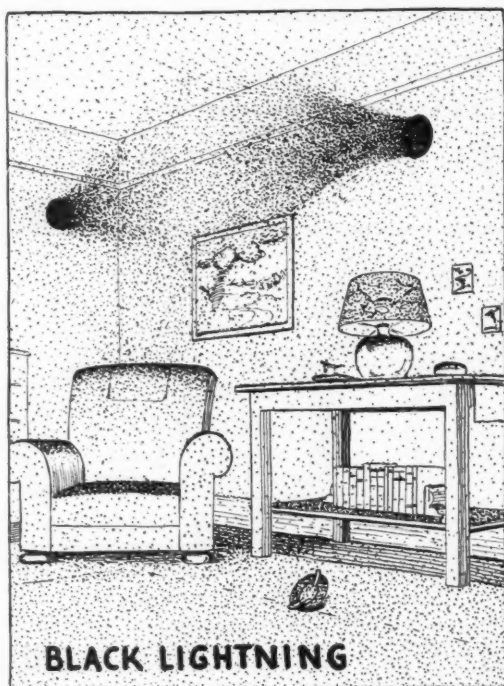
EASTERN DEPARTMENT
10 Park Place
NEWARK, NEW JERSEY

PACIFIC DEPARTMENT
220 Bush Street
San Francisco, Cal.

SOUTH-WESTERN DEPT.
912 Commerce Street
Dallas, Texas

LOYAL TO PRINCIPLE—TO LOYAL AGENTS, LOYAL

INSURANCE ODDITIES



BLACK LIGHTNING

THE FACTS

During a summer lightning storm, a bolt of "cold" lightning went down the chimney of this home, causing no apparent outside damage, but creating a pressure which blew out every flu-stop in the house.

The soot in the chimney was blown over the walls and ceilings of every room, necessitating redecoration throughout and the cleaning of every rug and piece of furniture in the house. The inside of the chimney was perfectly clean after the storm.

"Your friendly Company"

SECURITY FIRE INSURANCE CO.

DAVENPORT, IOWA

Protection Since 1883

[This is the fourth of a series of blotter-calendars sent to Security Fire agents monthly.]

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THE ACCIDENT & HEALTH REVIEW

The only exclusive accident and health paper published.
It gives ideas and suggestions that help you sell income protection insurance.
Address your inquiry to A-1946, Insurance Exchange, Chicago

Short talks were made by H. P. Glover, president Greenville local board, Mr. Furman and J. H. Woodside, secretary South Carolina association. Discussion centered around the efforts which local agents are making at the next legislative session toward repeal of the valued policy law.

No Oklahoma City Rate Change

OKLAHOMA CITY, July 25.—The inspection by engineers of the National Board probably will not alter present rates here, according to C. T. Ingalls, manager Oklahoma Inspection Bureau. Low water pressure was found in some portions of the city, largely due to small mains and dead ends, but the city officials recognize this and are giving serious consideration to a remedial program. Reenforcing and enlarging mains in north, northeast and northwest city districts and in Capitol Hill will probably be recommended.

Reports on Durham, N. C.

The National Board in a supplemental report on Durham, N. C., states in the principal mercantile district ordinary construction in several excessive areas with very little protection against exposures makes serious group fires probable. Streets are of narrow to fair width. Fire fighting facilities are inadequate and, although buildings are low, fires might easily involve portions of several blocks. Manufacturing plants are generally well equipped with private fire fighting equipment, but serious group fires are probable which would involve extremely high losses.

San Antonio Rule Defeated

SAN ANTONIO, July 25.—At the San Antonio Insurance Exchange monthly meeting with 82 agencies rep-

resented, the proposed constitutional amendment, providing that after July 1, 1935, all companies be limited to two plants for each company, was defeated, a two-thirds majority being required for its adoption. The present rule is that home domiciled general agents are allowed three plants for each company. Texas companies four plants, and all other companies two each.

The exchange voiced its hearty approval of the efforts of the National Association of Insurance Agents to hold for the local agents insurance on risks where governmental aid is being furnished by the CCC, HOLC and other agencies.

Dallas Losses in June

Fire losses in Dallas in June amounted to \$93,592, according to Fire Chief Gambrell. This compares with \$94,000 in June a year ago.

Withdraws from Congress Race

Chester McCall of the W. A. Reisert agency, Louisville, has withdrawn from the race for the Republican nomination for Congress. Frank M. Drake, former field man and attorney for insurance companies, remains on the ballot.

W. A. Perry, Louisville agent, is on the Democratic primary ballot for the judge of the court of appeals.

Kentucky Notes

W. M. Rose has purchased the interest of W. G. Wolf in the Rose-Wolf Agency, Nicholasville, Ky.

G. E. Coleman, 76, adjuster, at Mt. Sterling, Ky., died there from injuries suffered when he was struck by an automobile.

The A. M. Edwards Insurance Agency, New Castle, Ky., has succeeded the Edwards & Morris agency, W. K. Morris having retired.

PACIFIC COAST AND MOUNTAIN

Utah Code "Only Temporary"

Efforts Toward Securing Permanent Insurance Legislation to Be Made in Next Session

SALT LAKE CITY, July 25.—In a statement by the Utah Insurance Council, the administrative authority for the Utah insurance code, with the consent and approval of E. A. Smith, Jr., insurance commissioner, the code is described as "but a temporary arrangement." The statement says further:

"We believe that by united efforts much progress can be made in the next few months toward a permanent law governing agency practices and toward securing for our state department of insurance the facilities which are needed and which are paid for through fees but have not as yet been obtained. Certainly our insurance department is en-

titled to use, for the supervision of our business, the fees which are paid for that purpose."

When the legislature meets next January a bill or bills will be introduced to secure the insurance reforms regarded as necessary.

War on "Side-liner"

The council, in the same statement, declared open war on "the part-time 'side-liner,' the rebater and twister, the single-case grabber, the man whose insurance work is simply an 'extra-money' connection, because his main activity brings him opportunities to place insurance; the poorly equipped and untrained man, the man whose situation makes coercion the rule rather than the exception, the man who is unprincipled and dishonest."

So far this year 179 applications for licenses have been turned down by the department, 58 for life insurance and

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BOTH in spirit and letter observing the principles of the American Agency System.

INSURANCE

Cash Capital



COMPANY

\$1,000,000.00

COMPLETE facilities afforded every agent that represents this company.

121 for fire and casualty, and it is indicated that this is only a beginning.

Finish Washington Program

Liscomb, Simpson, Stuberg, Woolley, Rossi, Sullivan and Lamping to Speak at Spokane Meeting

The convention program of the Insurance Agents League of Washington has been completed. It calls for two days of business and entertainment at Spokane Aug. 30-31. C. F. Liscomb of Duluth, National Association of Insurance Agents executive committeeman, will address the first session and is to be the feature speaker at the banquet the evening of the first day. Governor Martin of Washington expects to attend the banquet, at which he will be honor guest. Other speakers include H. L. Simpson, San Francisco, associate manager Great American-Phoenix group; A. O. Stuberg, manager Massachusetts Bonding, Seattle; J. K. Woolley, manager Washington Surveying & Rating Bureau; H. J. Rossi, Wallace, Ida., local agent; Commissioner W. A. Sullivan of Washington, and Evert

Lamping, president General Agents Association of the Pacific Northwest.

The Davenport hotel will be convention headquarters. A special train, chartered by the Insurance Agents League of Washington, will leave Seattle the evening of Aug. 29 with the west-side delegation, picking up Everett, Bellingham and Wenatchee agents en route and arriving in Spokane at 7:30 a. m. The executive committee will hold a two-hour breakfast session and a special luncheon will be held at noon. A combined banquet and cabaret party is planned for the evening of Aug. 30 with a wide variety of entertainment planned. The closing convention session will be held the morning of Aug. 31 and a golf tournament in the afternoon at the Spokane Golf & Country Club will wind up the program.

Pearl First in San Francisco

Six-Month Premiums for City Total \$1,950,000—5 Percent Gain—Home Is Second

SAN FRANCISCO, July 25.—Fire premiums totaling \$1,950,000 were written in San Francisco during the first

six months of 1934, a gain of nearly 5 percent over the 1933 six-month total of \$1,862,832. According to the report of the Underwriters Fire Patrol, the Pearl Assurance leads all companies with \$84,330 total compared with \$10,011 for the same period of 1933. The Home of New York which was in first place in 1933 with \$79,529 is now second with \$80,713. The Firemen's of Newark, although showing an increase, drops from second place last year with premiums of \$76,449 to fourth place this year with premiums of \$78,098. Fireman's Fund remains in third place with \$78,389 compared with \$69,721. Of the ten leading companies, all register a gain with the exception of the Royal which dropped from \$58,373 in 1933 to \$54,766 this year; the Aetna, which dropped from \$63,738 in 1933 to \$64,566 this year and the North America, with a decline from \$59,384 in 1933 to \$52,732 this year.

Six-Month Totals Compared

Leading companies with their comparative figures are as follows:

	1934	1933
Pearl	\$84,330	\$10,011
Home of N. Y.	80,713	79,529
Fireman's Fund	78,389	69,721
Firemen's, N. J.	78,098	76,449
Continental	67,486	55,145

Aetna	64,566	65,738
Hartford	58,092	59,331
Royal	54,766	58,373
Liver. & Lon. & Globe	54,439	54,179
North America	52,732	59,384
U. S. Fire	46,164	45,370
Merchants Fire, N. Y.	43,105	40,664
United Firemen's	40,145	20,656
Oglethorpe Under.	37,608	23,440
Pacific National	37,503	20,385
North Brit. & Merc.	35,865	42,874
Atlas	33,797	26,357
Travelers	33,500	24,454
California	30,851	33,569
Millers National	30,002	30,548
Fire Association	29,959	28,423
Security	29,207	29,747
London Assurance	27,044	31,103
London & Lancashire	25,786	28,137
Fidelity-Phoenix	23,313	21,225
Niagara	22,003	23,098
Springfield	21,174	20,896
Agricultural	21,037	31,454

Chief Stevens in Phoenix to Iron Out Rate Situation

PHOENIX, ARIZ., July 25.—Jay W. Stevens, chief of the fire prevention bureau of the National Board, is here ironing out the political battle which developed over the recently imposed 25 percent increase in fire insurance rates. Chief Stevens, who had previously visited here and made specific recommendations for reorganization and improve-

INSURANCE

ATTORNEYS

• The insurance law firms whose professional cards are shown on this and the succeeding pages have been selected after careful investigation. They have the recommendation and endorsement of The National Underwriter.

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Insurance Attorney
Birmingham, Alabama

ARIZONA

KIBBEY, BENNETT, GUST, SMITH & ROSENFELD
PHOENIX, ARIZONA

John L. Gust Fred W. Rosenfeld
Frank O. Smith H. L. Divilbess
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CALIFORNIA

J. K. LILLY

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319 Brix Building
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Trial of cases and complete claims service in Santa Barbara and San Luis Obispo Counties

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Attorneys at Law
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Trial of cases in Riverside, San Bernardino and Imperial Counties, California. Claims Referred to Responsible Adjusters.

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DELAWARE

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Trial of All Cases
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ment of the fire department, was requested to return to confer with a citizens' committee. The mayor and other officials also joined in a request that he return for further conferences.

According to reports the situation in Phoenix was one of the worst found in any American city in a number of years. The firemen, led by a clique of malcontents, were attempting to run the department in their own manner. They resented discipline and even attempted to compel the newly appointed fire chief to submit to an election among the members for the chief's position. The former chief was discharged almost immediately after Chief Stevens left Phoenix following his investigation. Chief Stevens was of the opinion that the Phoenix chief at that time was competent but was confronted by an impossible condition designed, apparently, to prevent him from making good.

Despite the increase in fire rates, it is understood that companies operating in the city will keep their writings to a minimum and will issue policies only after making a careful inspection of the risk involved.

C. B. White on Program for California Agents' Meeting

C. B. White, past president of the Washington Insurance Agents League and now national councillor, will be one of the principal speakers at the annual meeting of the California Association of Insurance Agents in Sacramento Oct. 24-26.

A series of eight regional meetings will be held by the California association, covering the entire state, prior to the Sacramento convention, and will start in southern California the week of Aug. 15. Frank Colridge, executive secretary, and President C. T. Buckman will be the principal speakers. In southern California they will be assisted by W. P. Welsh of Pasadena, second vice-president of the association. In the northern portion of the state, Ed Pickett of Sacramento, first vice-president, will be one of the main speakers.

In addition to building attendance for the convention, the meetings will be devoted to an explanation and discussion of the agreement between the committee of the agents' group and the Pacific Board regarding farm business.

Issues Report on Pasadena

The gross fire loss for the past five years in Pasadena, Cal., amounted to \$215,940, according to the National Board, which has just issued a report on the city. The average loss per fire was \$204, "a low amount," and the average loss per capita \$0.55, "a very low figure."

The water supply sources are adequate and reliable. The distribution system is mainly of satisfactory capacity but the quantities available are limited in some localities by small size and wide spacing of hydrants. The fire department is well trained and mainly well equipped, but undermanned. The fire alarm system is somewhat inadequate and unreliable.

The conflagration hazard of the principal mercantile district as a whole is low, although severe group fires are probable in some of the older blocks. Fires in industrial and minor mercantile districts should be only local and should not involve any extensive area.

Sutherland Associate Manager

The H. M. Hinchman Company general agency, Los Angeles, has appointed Sam Sutherland associate manager in charge of outside territory. He was formerly assistant secretary of the Arizona Fire of Phoenix until its reinsurance by the California, then continuing with the latter as special agent in southern California. He has been out of insurance work for several years.

The annual meeting of the Marin County Association of Insurance Agents is being held at San Rafael this week.

EASTERN STATES ACTIVITIES

Bolster Pennsylvania Body

Federation Creates Associate Membership to Strengthen in Fight Against Governmental Interference

PHILADELPHIA, July 25.—The Insurance Federation of Pennsylvania has declared war upon all socialistic movements which threaten the private writing of all forms of insurance. To increase its fighting strength the federation has adopted a new associate membership classification open to office employees of companies and agencies at a greatly reduced fee. This membership will give all privileges except the right to vote.

A letter which will be mailed out to prospective associate members calls attention to "an increasing trend toward having the government, state and national, interfere in private business. Not only interference is advocated but actual participation in and taking over of business by the government has come to pass." The moves toward state funds, compulsory automobile coverage and increased taxes are noted.

In discussing this action, Homer W. Teamer, secretary-manager of the federation, declared:

"The situation is more serious than one would think. Changes in the insurance business structure do not take place all at one time. It is a case of a little here and a little there until the disease, if we may call it such, has progressed to a dangerous stage before we fully realize it. We must be on our guard. We must be so organized that those who make our laws will know that we mean business."

Coinurance Decision Upheld

Federal Court in Pennsylvania Sustains Lower Court in Important Ohio Farmers Case

The United States circuit court of appeals for the third circuit (Pennsylvania) has sustained the position of the lower court in the case of Ohio Farmers vs. Pennsylvania Company for Insurances on Lives and Granting Annuities, which attracted nation-wide attention and prompted the National Board to get out a special bulletin.

The Pennsylvania Company was the first mortgagee of insured property. The case turns upon the construction of the mortgagee clause. At the time of the fire there were two mortgages—a first mortgage held by the Pennsylvania Company and the second mortgage.

Ohio Farmers Contention

The Ohio Farmers, conceding that the total insurance upon the property was more than 80 percent of its cash value so that the entire loss must be paid to someone, contends that the co-insurance clause in the policy is binding as between it and the Pennsylvania Company, and, since the Pennsylvania Company's policy is substantially less than 80 percent of the cash value of the property, it would follow that the Ohio Farmers is liable to the Pennsylvania Company for only a major fraction of the amount of the loss and to the second mortgagee for the balance. The position of the Pennsylvania Company is that the co-insurance clause is not applicable to it and it therefore claims the entire amount of the loss. The court adopted the Pennsylvania Company's view and entered judgment against the Ohio Farmers, which then appealed. The higher court held that the lower court's construction of the policy was right. The lower court stated: "The mortgagee clause in the policy contains something in addition to

the ordinary standard form. It reads, 'New York and Pennsylvania standard—mortgage clause (non-contribution) loss or damage, if any, under this policy shall be payable to' etc. Then follows the usual form. The addition of the word '(non-contribution)' indicates an intention on the part of the parties to exclude the mortgagee from the operation of the co-insurance clause and should be given that effect."

The higher court stated that it not only agrees with the court below that this construction is the most reasonable, but holds that it is the only reasonable and logical construction that can be put on the provisions of this policy.

Mutuals Show Decided Gain in New Jersey in Half Year

TRENTON, July 25.—While figures are not complete, those that are available show that mutuals, both fire and casualty, showed a decided increase in premiums in New Jersey for the first six months, with a decrease in losses in comparison with 1933.

This condition is not confined to the larger mutuals from other states but includes the 19 New Jersey mutuals which seem to have taken on new life and managed to take considerable business away from stock companies, particularly in the fire field, although many of the stock companies report increases in fire insurance premiums.

It has been roughly estimated that the mutuals wrote about 25 percent more premiums in New Jersey in the first half of 1934 than in 1933. There has been some building of industrial plants and it is generally supposed that the mutuals have stepped in and grabbed the business.

On the other hand, the stock companies have been receiving an increase through many merchants putting in excess stock, and many owners of household goods have added materially to their policies. On the whole, however, the mutuals have shown a greater gain for the first half of 1934 in New Jersey than the stock companies.

Considerable casualty business has been lost to the larger mutuals, while the small New Jersey mutual has received only a small portion of the business.

Stock company men are trying to figure out some way to meet this mutual competition. One suggestion is to offer an assured that remains on the books for three years a 10 percent reduction and for a five-year period a 15 percent reduction in premium. While this is not as much as the mutuals offer, yet it is generally thought that such an inducement would prevent the assured from going over to the mutuals.

Erie County Group Holds Outing

The Erie County Insurance Agents Association held its first annual outing at East Aurora, N. Y. Charles Miller of the New York State Association of Insurance Agents was present. The regular July meeting was held at Williamsville, N. Y. The next meeting will be held Sept. 18 at Orchard Park, N. Y.

Beebe's Address Corrected

In the new Underwriters Handbook of West Virginia, just issued, the address of the R. R. Beebe Company should be the 4th floor of the Deveny building, Fairmont, W. Va., instead of the address given.

Little Increase in Values

PHILADELPHIA, July 25.—There has been little increase in real estate values or inventories according to a survey conducted among the home offices of Philadelphia fire companies.

Real estate is easier to rent now but houses are buying only enough merchandise to satisfy the day's demands.

Real estate values have not shown any signs of going up. Inventories both in manufacturers' warehouses and on the shelves of mercantile establishments have not increased. Factories are turn-

ing out only sufficient production to meet the day's orders.

Uniform Definition in N. J.

The uniform definition of marine writing powers has been accepted by the New Jersey department as effective in that state July 16.

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"Try this memory test to-night" says the Alliance national advertisement for July. By challenging the reader's memory, it makes a game of taking inventory of residence contents. And naturally, it tells the reader to—

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Riot Cover Loss on Coast Small

(CONTINUED FROM PAGE 3)

considerable amount of goods spoiled and damaged.

GREAT PREMIUM LOSS

SEATTLE, July 25.—Thousands of dollars in premiums have been lost here since May by marine underwriters due to almost complete paralysis of shipping as a result of the longshoremen's and seamen's strike. With no cargoes coming in or going out the sale of this coverage has been at a standstill until this week when city authorities succeeded in opening piers 40 and 41 to shipping after several pitched battles with the strikers. One large office puts its losses at \$800 a day while the strike was at its height.

Stevedoring compensation insurance premiums have declined with 11 unions connected with seafaring activities on strike. The tying up of many ships will result in further premium decline. Although most hull insurance is written on an annual basis the contracts usually include a provision that part of the premium will be returned if vessels are forced to lay up.

On the credit side of the ledger is the writing of considerable riot and civil commotion insurance. It is not being written as separate policies but in the form of an addition to marine policies. Most of the marine underwriters interviewed declared there is no profit in this line which has been offered as an accommodation to holders of marine policies. Some firms solicited this business only to the extent of informing their clients it was available. One firm declared it was profitable if the marine premiums were large.

Premium Is Raised

At the onset of the strike the Pacific Board put the premium on riot and civil commotion at 15 cents per \$100. As the strike became worse the premium was increased in successive stages, from 15 to 20, 25 and 50 cents. When the general strike was declared in San Francisco and one seemed imminent here the premium was made 1½ percent for periods from one to 30 days and 1 percent for any period over 30 days or for the duration of the strike.

As a protective measure the various stevedoring companies and steamship lines merged themselves into a corporation for the duration of the strike and a large public liability policy was written covering them. The same corporation also insured through hull insurance a number of vessels carrying strike breakers. This business went to one firm. Some strike special coverage has also been written to protect green hands employed in strikebreaking and stevedoring equipment has also been insured.

Claims Not Excessive

From the standpoint of losses through claims there will undoubtedly be some but the amounts will not be excessive. One truck containing stevedoring equipment was stopped and the contents dumped into the Puyallup river and this will have to be paid. Inexperienced strike breaking longshoremen will account for some losses and some injured by pickets will put in claims. Green hands have caused some cargo damage. Property losses on the whole have been small.

Piers 40 and 41 are known as the longest in the world and are declared to be capable of handling all the business of the port if necessary. The police have succeeded in driving the strikers from them and as this is written it appears the strike is breaking. But as one marine underwriter commented, "We'll get some of our cargo premiums eventually as shipping has only been delayed but many we'll never get because the merchandise has been diverted to rail."

Leading agencies report a huge vol-

ume of new riot insurance, following the decision of Commissioner William A. Sullivan to permit for the first time admitted fire insurance companies to write insurance on riots, strikes and civil commotion.

The port of Seattle is now carrying \$2,000,000 of this protection, issued by British companies operating through Lloyds.

COAST ACTION CONFIRMED

The Explosion Conference has confirmed the action of its Pacific Coast subsidiary conference in declaring trebled riot and civil commotion rates on all new business effective July 13 in California, Montana, Utah, Nevada and Alaska. This also confirms the action of the Pacific Board in states where it has jurisdiction. The explosion conference also trebled rates in Washington, effective July 16, and in Oregon, effective July 17. These trebled rates do not apply to residential, supplemental contracts attached to fire policies in any of these territories.

DEMAND ON COAST ONLY

PHILADELPHIA, July 25.—Despite the recent labor disorders on the Pacific Coast, along the gulf coast and in the middle west, there has been no extraordinary demand for riot and civil commotion coverage except on the Pacific Coast, according to home office men here. While the demand for coverage is slightly above normal, it started about six months ago before the trouble started on the coast.

Losses on riot and civil commotion are not above normal nor do the companies look for any heavy losses as a result of the Pacific Coast disorders. Reports from the coast indicate that whatever damage has been caused has been mainly to police and strikers and strike breakers in their various battles.

Will Decide Position of Pearl on Coast on July 27

(CONTINUED FROM PAGE 3)

these companies insists that if we force them to join the board a very material portion of that income will be lost and it will take some years for us to rebuild the position we now occupy.

"Certainly if we jeopardize this valuable plant by forcing board regulations upon the agents of the Eureka-Security and Monarch we feel that we are entitled to your assurances that at a later date we will not be deprived of membership in the board simply because we refused to join any or all of the associations or organizations proposed by our competitors in the east, middle west and south.

"A review of your by-laws seems to us to grant your board the authority to give us such guarantee, but even if you do not care to interpret the rules so broadly we are sure you could find some way around the situation if it is actually your desire to give the Pearl fleet security of future.

"We further note that your committee is not inclined to grant the same 'relief' as was granted to the People's National. This ruling, of course, is not satisfactory to us and we must reiterate very definitely that we can not force the Monarch and the Eureka-Security to a board basis unless you do give us these assurances.

"With respect to the Interstate Underwriters Board regulations we note with interest your ruling that the Pearl's membership in the board gives it the same rights and privileges as are enjoyed by other members of the board."

Miscellaneous Notes

Mrs. F. W. Johnson will continue her late husband's agency in Northwood, Ia.

John W. Will has opened a local agency at 1702 North Seventh street, Sheboygan, Wis.

The R. W. McGarry agency, Stillwater, Minn., has taken over the business of J. Hamscher, who has retired.

Ft. Worth Board Upheld By Court

(CONTINUED FROM PAGE 3)

claring that only agents who represent stock companies are eligible to membership. That meant some of the agents who had been members of the exchange for years would have to give up their membership or cut loose from mutuals—in one or more instances, their own company. These agents refused to do this and took the matter to the courts. The injunction resulted.

The Texas association was brought into the fight and became involved in the court order through a resolution adopted at the state convention in Dallas. That was, that only representatives of stock companies could be members of the state association. The members complained of in Fort Worth were members of the state association through their local association.

Since the court injunction was issued some of the agents in Fort Worth, members of the Fort Worth exchange, are said to have served notice on stock companies they represent that they will discontinue such representation if such companies have mutuals in offices where they are represented. In other words, it is being charged that even stock companies are to be boycotted if they do not cease to be in offices where mutuals are represented. This situation has brought reports that indictments may be asked under the anti-trust laws of Texas and that boycott charges may be filed, not by the companies, but by agents who are affected by the ruling of the Fort Worth exchange regarding memberships for mutual representatives.

Complications Cited

The trouble with the situation, it is said, is that the exchange for years has accepted and even solicited memberships from persons connected with mutual companies, these persons of course, representing stock companies also. These members now resent the effort of the exchange to oust them.

Most exchanges of the state have, since their organization, barred mutual company representatives from membership, taking the ground that each organization has a right to fix the qualifications of its members. Hence they are not bothered about such things as now afflict the Fort Worth organization.

The law firm of Cantry, Hanger & McMahon of Fort Worth has been engaged by the Fort Worth exchange and the Texas association to represent them in the legal proceedings.

After reading the bill of complaint filed on behalf of Glen Walker, Collett & Rigg, W. H. Bennett, secretary of the National Association of Insurance Agents, dictated a memorandum for use of the Texas people.

Mr. Bennett stated there is nothing in the bill of complaint outside of the or-

inary charges usually filed against an association where a complainant does not want to do business in accordance with the regulations usually laid down by those organizations. Mr. Bennett quotes a number of decisions and court opinions. He states that the attorneys for the Fort Worth Exchange and the Texas association may desire to file a demurrer to the bill of complaint and, of course, will file an answer. He suggests that the answer, among other things, should admit the organization of the Fort Worth Exchange and the Texas association according to the facts and the adoption of whatever by-laws either of these organizations may have affecting the question at issue and that the complainants have a right to engage in the insurance business and operate as they choose, subject, of course, to law. The answer should set forth in detail the purposes for which these associations were organized, their activities, perhaps the difference between stock fire companies and mutual companies and then should deny any indication to injure or restrain the complainants in their business or to boycott them. The answer should allege that the associations were not organized for a profit, have no capital stock, are not engaged in business, but are operated solely for the purpose of promoting social relationships among their members and elevating the standards of business conducted by agents representing stock companies. The answer should also deny any purpose on the part of either associations or its membership to injure the plaintiff, to regulate prices or otherwise unreasonably restrain competition or trade in any manner.

Issue Not Raised

There appears to be no issue raised, he said, in this lawsuit concerning membership or non-membership of the plaintiff in the Fort Worth Exchange or the Texas association.

If, as charged, the plaintiff breached his contract with and discontinued representing the Miller's Mutual Fire, they did it of their own volition. If that breach was an illegal act then the plaintiffs were a party to it and should not be heard to complain in the court of equity.

"I am confident," he states, "that it will be found, in view of the facts and the law as cited, that there is no violation of the common law as charged."

"This is one of several suits that have been instituted attempting to challenge the propriety and legality of local boards, but I know of no court of last resort holding the operation of such bodies of agents to be illegal."

In addition to the injunction proceedings the Glen Walker, Collett & Riggs agency has filed suit against the Fort Worth Insurance Underwriters Association, Texas Association of Insurance Agents and a number of local agents of Fort Worth for \$103,000 damages. The suit sets up that in August, 1932, the de-



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endants, "in pursuance of a general scheme and purpose with intent to impair, disable and destroy the business of writing mutual insurance in Fort Worth, to harass and coerce plaintiffs into discontinuing representing the Millers Mutual Fire and thereby injure the property, business and good will of the plaintiffs, to effectively enforce and secure the objectives of the combination and conspiracy by harassing and coercing the various stock companies or their affiliation for whom plaintiffs' firm was soliciting and placing business, by direct or implied threats of withdrawing business from and boycotting the aforesaid stock insurance companies in the event they did not withdraw their representation from plaintiffs' firm, and caused nine stock insurance companies to withdraw their representation from plaintiffs."

Installment Payments of Term Premium Live Issue

(CONTINUED FROM PAGE 5)

conference was for the full annual premium to be collected under a five year term policy the first year and 80 percent of the annual premium the next succeeding four years. One of the installment plans, with which the bureau companies are faced in competition, provides for collection of the full annual premium the first year and 75 percent of that premium for the next succeeding four years. One mathematician has calculated that, at 4 percent interest, the company at the end of five years has \$4,866 for the \$4 which was paid for the five year term policy at the inception of the contract. The company which collects the full annual premium the first year and 75 percent for the next succeeding four years, has \$4,529 at the end of four years, a difference of 33.7 cents or approximately 7 percent less than the company which charged the \$4 at the inception of the contract.

Museum Fire Protection Discussed by McGinnis

R. E. Maginnis, Chicago protection engineer for the American District Telegraph Company, spoke on "Safeguarding of Irreplaceables" at the American Association of Museums meeting in Toronto recently. He emphasized the danger of damage by smoke and water as well as from the flames. He warned against the dangers of small outbreaks, which would not rate as an insurance claim in a business house, but cause incalculable destruction of the concentrated values in museums. When museums are located so they may be exposed to fires in other buildings, it is well to consider wired glass windows in metal frames and curtain sprinkler systems to protect vulnerable openings against exposure fires.

The various internal hazards in museums and recommended protection were outlined in full by Mr. Maginnis. He also described in detail the operation of the A. D. T. automatic sprinkler system with central station supervising service. He told of the advantages of the aero automatic fire alarm service and told of its installation in some of the outstanding museums in the country. Mr. Maginnis also told of the value of the watchman's supervisory manual fire alarm service furnished by the A. D. T. and also the central station burglar alarm system.

PUBLISHING TALK

A large Chicago agency inquired of THE NATIONAL UNDERWRITER the other day as to the latest and most up to date information on occupational diseases. The inquirer was told that the "Fire, Casualty & Surety Bulletins," published by THE NATIONAL UNDERWRITER from its Cincinnati office, in a recent issue had a very comprehensive review of occupational diseases by Editor J. C. O'Connor, Jr. The agency obtained that issue and later stated that while it always had great admiration for these bulletins, it was more than ever convinced that they were highly valuable to all in the business. It stated that the occupational disease section covered the subject in a way that was very enlightening to agents.

Editor O'Connor takes up the point of common law suits based on contraction of occupational diseases and the method of insuring against this hazard. As he states almost every person, insurance man and employer is interested in the subject but few have an accurate picture of the situation. Editor O'Connor declares that the agent who understands the conditions and who can explain the occupational disease subject accurately and plainly to his clients will not only increase his business but he will stamp himself as an insurance man who understands the needs of his customers.

* * *

In the same issue of the "Fire, Casualty & Surety Bulletins" appeared the new marine rulings which affect the writing of inland marine insurance in some 38 states and the District of Columbia. Editor O'Connor says that every insurance man should be familiar with the rulings and the effect on the various coverages that he sells. In the bulletins those portions of the rulings which affect the most common coverages are italicized.

Another point covered in the same issue of the bulletins is residence burglary. Mr. O'Connor deals with the standard residence burglary policy and its most recent modifications. The new inland marine rule regarding insurance of silverware which has removed considerable competition from the regular burglary policy will now stimulate the sale of burglary insurance. Wines, liquors and other beverages can now be covered under the residence burglary policy without additional charge. All these points are very clearly covered.

* * *

The state insurance directories published by THE NATIONAL UNDERWRITER are always of interest, being dependable reference books for all people interested in the states insurancewise. They indicate year by year the growth of the number of people who are interested in insurance either as agents, general agents, field men, organization men, adjusters, etc. During 1934 the following directories are being published: Arkansas and Oklahoma (Nov.); Florida and Georgia (July); Illinois (Sept.); Indiana (June); Iowa (Aug.); Michigan (Sept.); Minnesota (Oct.); Missouri (Oct.); North and South Dakota (Nov.); Ohio (July); West Virginia (June); Wisconsin (Aug.); and the directory of Chicago and Cook County. The compilation of these hand books is done at the Cincinnati office of THE NATIONAL UNDERWRITER where highly skilled statisticians and workers gather the information, analyze it and get it in shape for final publication. C. C. Crocker of the Cincinnati office is general manager of the directory department and the compilation work is in charge of Mrs. Nell Boner, who has been with THE NATIONAL UNDERWRITER for many years and who has a fine grasp on compilation work. Mr. Crocker is regarded as one of the authorities on development and use of these state directories.

Yacht Insurance Showing Good Increase This Year

(CONTINUED FROM PAGE 4)

man who uses his boat mainly as a scene for gay parties. Also the underwriter must have a sharp perception for the indications which distinguish the innately careful operator from the man who is careful enough when carrying the risk but becomes negligent about the care and running of his boat when the insurance company is assuming the hazard.

Motor Cruiser Rates Higher

While it might be assumed that the motor cruiser would be considered safer than the sailing yacht on account of being self-propelled instead of being de-

pendent on the winds, the rates on the former class are considerably higher. For example, the rate on an engine-driven craft of a certain age and valuation is about 40 percent higher than on a sailboat of similar age and value, although in some other classification groups this difference is not so marked.

The gasoline hazard is responsible for a good share of the higher rate. There is also a difference in the type of owner usually found operating the two classes of boats. Men who sail usually do so for the pleasure of sailing. Even the newest recruits aspire to a high degree of skill in operation. They take pride in keeping everything shipshape and piloting their craft according to exacting standards of seamanship. If they don't feel that way about it, the chances are that they will not feel that sailing is worth the trouble.

Motor-Boating Simple Process

Motor-boating is a relatively simple process. It is quite possible to operate a motor-cruiser with only a scant knowledge of seamanship. In ordinary weather there is nothing to challenge the skill of the yachtsman. Consequently the man at the wheel is not even required to use even a modicum of skill. There are plenty of motor yacht owners with just as much skill at handling their boats as the sailing yachtsmen have in their field, but the lack of urgent need of a high degree of skill in running motor-boats brings to their ranks many persons who like to be on the water but who have no particular desire to become skilled seamen.

The increased use of built-in fire-fighting systems continues to prove the value of these devices, which use carbon dioxide to smother blazes, even those of burning gasoline. Ventilating systems as specified by the underwriters are also showing their effectiveness. It is difficult for the layman to realize that a boat without a ventilating system is like a cup, into which any gasoline fumes sink and remain. It may be hours or days that the fumes remain there, only needing a spark from a generator brush or some other source to set them off and blow up the boat.

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Report Is Made on Atlanta

National Board Tells Some of the Features in the Fire Fighting Facilities

The National Board reports that the fire loss in Atlanta for the last five years was \$4,441,132, an average loss per fire of \$967. The per capita loss was \$3.23. The engineers say that there is a direct pumping water system with some unreliable features. The quantities available for engines are generally sufficient. The fire department is strong but only fairly effective. The fire alarm system is inadequate in extent, with several features of unreliability.

In the congested value district, recent improved construction and automatic sprinkler installations have reduced the conflagration hazard to some extent, but the engineers say that the potential hazard, particularly in the southern section is still high. Serious group fires are probable but such should be confined to the block of origin except in the viaduct area of the section. The hazard of the northern section as a whole is normally low, with block fires probable at the viaduct area.

Serious group fires are probable in the minor mercantile warehouse and manufacturing districts, but no general conflagration should occur.

Portsmouth Agencies Merged

The W. L. Conlon & Co. and John Sise & Co. agencies, Portsmouth, N. H., have consolidated. The Sise agency is more than 100 years old and since last November, when Frederick M. Sise died, has been conducted by his two sons. The Conlon agency has been in business some 30 years.

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Texas Stamping Office Rules Are Criticised As Too Rigid

The following communication is from
Dwight W. Sleeper of the Insurance
Audit & Inspection Co. of Indianapolis
in Dallas:

"There is resentment on the part of
property owners and agents of Texas
against the efforts of the recently or-
ganized stamping office to eliminate
from policy forms special clauses and
permits which in the past have been
added to make the standardized, ap-
proved forms fit the requirements of
particular risks, and this resentment
promises to burst into flame when the
agents come to realize how favorable
this present attitude is to the high-grade
mutual and reciprocal insurers, that are
not handicapped by such restrictions,
and who are able and willing to con-
sider the exact operating requirements
of their assured and to draft their forms
accordingly.

Gasolene Warranty

"Contrary to the authorized practice in
most other states, where the fire com-
panies freely permit the keeping and use
of not to exceed 10 gallons of gasolene
without extra premium charge, the
Texas rules permit without charge the
keeping of only one gallon of gasolene,
benzine, naphtha in industrial and mer-
cantile risks. It is commonly realized
that the practical use of gasolene for
the variety of industrial uses in the
larger risks necessitates the keeping of
larger quantities, especially in view of
the fact that it will be found in several
different departments of the risk. Texas
will permit the keeping of 10 gallons for
an additional premium charge of 15
cents per \$100 of insurance—an un-
reasonable and prohibitive charge in
large risks. In many cases reputable
agents have told their assured to ignore
the one gallon limitation because the
insurance companies would never deny
liability for the violation of this war-
ranty. Other, wiser, agents in the past
have added to their policies their own
special and unlimited "Work and ma-
terials clause," contrary to the rules of
the Texas board of insurance commis-
sioners, but recognizing the practical ne-
cessity of the situation, and this has not
been objected to by their companies.
Now, as renewals come to the atten-
tion of the stamping office such a de-
viation is being criticised, and agents and
assured are being informed that the ap-
proved one gallon gasolene permit must
be used or the prohibitive additional pre-
mium paid for larger quantities. In sev-
eral known instances the owners of large
office buildings and mercantile risks
have bluntly told their agents that they
will not accept such limitations or pre-
mium charges from the stock companies
where there are ample, excellent facili-
ties outside of the stamping office
jurisdiction from which their insurance
can be obtained with all necessary and
proper permits included.

Anti-Technicality Law

"Many agents have complacently in-
formed their assured that Texas has an
anti-technicality law which offers ample
protection against being penalized in
case of loss through the violation of
policy prohibitions and warranties, over-
looking the fact that if such a violation
should be the cause, or contribute to the
extent, of a loss the insurance companies
have ample, defensible right to deny li-
ability, and property owners who believe
that the companies would not do so, or
would not at least use this violation as
a means for compromising the settlement
of the loss at something less than full
amount are as lacking in sound business
judgment as are the agents who igno-
rantly or carelessly jeopardize the wel-
fare and safety of the owners of the
property and those dependent upon it
for their livelihood.

"There are in common use in Texas

several clauses differing so much from
those in common, approved use in other
states as to discriminate unfairly against
Texas property owners, and which, if
understood by the property owners gen-
erally, would subject the Texas Board
of Insurance Commissioners to the
charge that they are not as considerate
of the rights and welfare of the public
as the public has a right to expect them
to be. For example, the distribution
average clause (or pro rata distribution
clause, as it is sometimes called) as ap-
proved for use in Texas is far more bur-
densome on the assured than it is in
other states because in Texas it requires
the division of insurance in case of loss
to be allocated to the building, the mer-
chandise, the fixtures, the machinery and
to other contents as separate items,
whereas in other states this clause ap-
portions the insurance only among the
building and the contents items, which
is much less restrictive and prejudicial
to the interest of the assured.

Voiding Entire Policy

"In several clauses, such as the sev-
eral automobile permits, gasolene per-
mits, flue warranty, etc., there is the
provision that

"Any failure to comply with either
or all of the conditions of this warranty
shall render this entire policy void."

"This permit or warranty will be used
in a form which may cover a schedule
of two or more separate buildings. In
Louisiana the statutes modify such a
provision so that a breach of a warranty
will not void the entire policy but will
suspend it only during the time the
breach continues. The stamping office
of that and other states will also permit
the further modification that such void-
ance or suspension shall be limited to
the particular building in which it oc-
curs. The importance of such a modifi-
cation in the case of Texas should be
self-evident, and no well-advised Texas
property-owner will rest contented with
the present danger that he may find his
entire insurance voided by the fact that
a violation of some warranty in one
building has voided all of his insurance.

Scope of Mortgage Clause

"There are hundreds, possibly thou-
sands, of instances where mortgage
bonds have been issued against all prop-
erty of Texas assured, covering their
machinery, equipment and other chat-
tels as well as their buildings. In such
cases it is common to find the standard
mortgage clause attached, which, by its
terms, is limited to apply only to the
buildings. Lacking any other notice to
the insurance companies, and permission
therefor, the terms of the Texas stand-
ard fire policy declare the contract to be
void insofar as it relates to the person-
alty. Also the Texas board of insurance
commissioners have denied to the own-
ers of the personal property the benefits
contained in the standard mortgage
clause by refusing to permit the insur-
ance companies to extend it to apply to
the machinery and equipment covered
by the general mortgage, even though
the companies may be willing to do this.

Necessary Modifications

"Justification for the criticism of those
in control of the Texas Stamping Office
lies in their attempt to apply rules and
forms to every risk regardless of size,
value and operating necessities, and their
unwillingness to permit necessary modi-
fications when based on valid and sen-
sible grounds. If the rules can be ar-
ranged to permit an appeal to some au-
thority with experience and judgment to
understand these problems from the
standpoint of loss adjustments, instead
of from the standpoint of trying to pre-
vent discrimination between the com-
panies, and between the agents, then
there will be no occasion to oppose the
stamping office."

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E. G. TRIMBLE, President

The National Underwriter

July 26, 1934

CASUALTY AND SURETY SECTION

Page Twenty-nine

Liquor Important Item in Auto Toll

Travelers Reports Large Percentage Increase in Motor Accidents This Year

GREAT SPEED A FACTOR

Slower Reaction Time When Under Influence of Drink Believed Cause of Many Crashes

NEW YORK, July 25.—The sharp percentage rise in the number of automobile accidents involving intoxicated drivers for the first half of this year is being watched with interest by casualty claim men. While such an increase is of course held to be very deplorable, there is no particular alarm about losses from this cause, as accidents in which drivers were declared intoxicated amount to only about one-fiftieth of all types of motor accidents.

Figures compiled by the Travelers for the first six months for the entire country indicate that such accidents rose from 1.66 of all accidents in the first half of 1933 to 2.36 in the first half of this year, and many believe there has been an even greater increase, both in numbers and percentage-wise, in accidents where the driver had not had enough to drink to be declared intoxicated but where the accident would have been averted if the driver's perceptions had not been dulled and his reaction-time slowed by alcohol.

Repeal Causes Increase

This belief is based on the change in drinking habits due to repeal. Because of easy access to alcoholic drinks, people drink more frequently but not so much to excess as they did under prohibition. Not only do they fail to make allowance for their delayed reactions to unexpected situations, but they feel exhilarated, desire speed, and feel they have more rather than less skill as drivers.

Exact data on the increase of accidents due to moderate drinking is impossible to obtain, as police are usually reluctant to book a man for the serious offense of driving while intoxicated unless he is in bad shape. The lack of objective tests for intoxication, and varying attitude of police and prosecuting authorities, result in wide variation in the increase in drivers declared intoxicated in various localities over and above actual differences in the prevailing drinking and driving habits.

Chicago, for example, has had an increase of 300 percent in accidents involving intoxicated drivers. Another sharp rise was registered in Rochester, N. Y., where the increase over last year was nearly 100 percent, but there has been some improvement there lately.

So serious are the penalties for driving while intoxicated that doctors are

(CONTINUED ON PAGE 38)

Death of R. J. Sullivan Leaves Gap in Casualty Field

In the tragic death of R. J. Sullivan, vice-president of the Travelers, which occurred in New York the night of July 18, the company lost one of its leading officials and the casualty business an outstanding figure. In company with Tracy W. Smith of the agency department of the Travelers, Mr. Sullivan arrived in New York last Wednesday evening to be on hand for a meeting of the acquisition cost conference scheduled to be held at the rooms of the National Bureau of Casualty & Surety Underwriters the following day. He and Mr. Smith were en route to the Biltmore Hotel, after attending a picture show at the Paramount. Crossing Sixth avenue at 43rd street, they were struck by a south-bound motor car. Mr. Sullivan's right leg was broken and he suffered other vital injuries, the full extent of which was not revealed until medical aid arrived. He was taken to Bellevue hospital where he died in a short time. Mr. Smith's injuries, while painful, were not serious.

H. C. Gottfried of Scarsdale, driver of the automobile which struck the two men, was summoned to appear at the district attorney's office the following day.

Insurance People Stunned

Insurance people were stunned at news of the accident, all expressing the highest admiration for the abilities of Mr. Sullivan and deep sympathy for his family and for his associates of the Travelers.

Mr. Sullivan had for years past been regarded as one of the foremost figures in casualty insurance. He was a member of many important committees of both the National Bureau and of the National Council, and was looked to for leadership in all matters of general underwriting policy. A close and intelligent student of the business and of all phases of activity having a direct bearing upon it, he was able to deal with situations as they arose and to fortify by carefully prepared and marshaled data his statements and recommendations. He was a frequent attendant at commissioners' meetings, and whenever he spoke it was as one with authority.

Devout Churchman

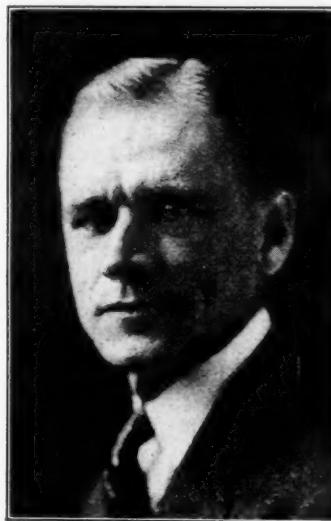
A hard worker himself, he had no patience with shirkers, insisting at all times that those associated with him in office or committee activity effort put in "60 minutes of work well done" every hour. Having known what it was to struggle for a footing himself in the early days, he was sympathetic with all in like position, and was ever ready to lend them his aid. As illustrating this trait it is recalled that when a number of years ago W. F. Roeber, now general manager of the National Council on Compensation Insurance, was seeking to get a start in the casualty business in California, he sought the help of Mr. Sullivan. The latter was not interested until he learned his young visitor had worked his way through college, winning his degree at the expense

of many a supperless day. He then obtained a connection for Mr. Roeber.

A member of the Roman Catholic Church, Mr. Sullivan was ever faithful in attending its services, whether at his home or in the field on business missions.

Mr. Sullivan's thirty-fifth anniversary with the Travelers would have occurred July 20. He was 54 years old.

The funeral was held Saturday at his home in West Hartford, with a solemn



R. J. SULLIVAN

requiem mass at St. Joseph's Cathedral. Burial was in Mt. St. Benedict Cemetery.

Mr. Sullivan was born in Hartford. He was educated in the grammar and public schools of the city. In 1899, he entered the accident department of the Travelers as a clerk, working in that division and specializing in accident statistics. In 1904, he was transferred to the liability department, in 1910 was elected assistant secretary of the department, and two years later, secretary. In 1922 he was elected vice-president of the Travelers Indemnity and in 1927 was also made vice-president of the Travelers, which vice-presidencies he held at the time of his death.

Had Profound Influence

Mr. Sullivan was one of the foremost authorities on casualty insurance and as an officer of the Travelers his influence had been pronounced in the development of the compensation and liability and the automobile lines of the company. When the Travelers began to write compensation after the enactment of the first state compensation law in 1911, Mr. Sullivan became an important factor in making the company the leading writer of such insurance. He also had been instrumental in making automobile insurance one of the leading lines of the company.

Mr. Sullivan's leadership in promoting

(CONTINUED ON PAGE 38)

Residence Boiler Cover in Blanket

Companies Simplify Coverage and Rating Method to Stimulate Its Sale

MADE EFFECTIVE SEPT. 1

Depart from More Complex "Object Charge" Basis for First Time to Attract Public

For the first time in their history, American boiler insurance companies are coming out with a blanket coverage, the new residence boiler insurance effective Sept. 1, which eliminates the more complicated method of object charges heretofore employed in writing all boiler and machinery coverage.

Residence boiler insurance has been a line on which not a great deal ever has been written. The changed method is well calculated to give agents and brokers the argument of simplified and broad coverage in soliciting this business. Heretofore it has been necessary to visit the residence to determine size and type of boiler, tank or other objects. The new insurance ignores these items. All that is necessary to know to quote a rate is the number of heated rooms.

Coverage Which Is Given

Coverage is given against direct damage caused by explosion of any and all steam and hot water heating boilers, hot water supply boilers, storage, coil or electric water heaters, incinerators and garbage burners used for hot water supply service, economizers used for heating water, water supply tanks and expansion tanks used in connection with hot water heating systems in the residence. The number of objects need not be specified and all objects above listed are covered.

The definition of a residence for the purpose of this insurance is any living quarters of 15 rooms or less, with certain restrictions regarding apartments, two- and three-family homes, houses and buildings used for sale of merchandise or professional service to the public.

Furnace Explosion Cover

The flat three year rate for this coverage is \$35 for ten rooms or less and \$40 for 11-15 rooms. This covers up to \$5,000 direct damage for each accident caused by steam explosion and includes loss from cracking of cast iron parts of boilers, etc., and extra expense in speeding repairs when hardship is entailed, such as lack of heat when accident occurs in winter. The limit is being increased from \$1,000 in the old form.

Insurance in excess of \$5,000 may be secured for \$1 per \$1,000 additional limits. Furnace explosion insurance covering against damage because of fuel

(CONTINUED ON LAST PAGE)

Offices Hold Compensation Losses Low by Selection

FIND PROFITS ARE POSSIBLE

Branch Cancels Premiums Wholesale to Clean Up Business But Even Then Shows Increase

Making a profit out of workmen's compensation and some other casualty lines does not appear to be an utter impossibility, if results for two Chicago offices which some time ago inaugurated strict underwriting policies can be considered illustrative of what could be done widely with proper control.

One of these offices, headed by a sagacious casualty man, went in deliberately for small compensation risks. These were most carefully selected. The compensation loss ratio last year was 55 percent.

Methods of Another Office

The other office decided that one of the chief sources of high loss ratio was "borderline" business brought in by specialists in that line and by others who could not place it with a regular connection. The business of these producers was watched closely for a short time. Those who showed an alarming tendency toward borderline cases was called in and frankly told that their business was not wanted and to take it elsewhere.

The manager found his staff was giving a great amount of unremunerative service to certain brokers and agents, service which in time lost had cost considerable in a year, and on risks which the office in many cases did not get after all. Such producers were told the situation frankly and were asked not to demand this service in future for they would not get it.

Strict on Not-taken Practice

This manager also kept close check on not-taken policies. He found a decided tendency in this direction among certain producers. This situation was a little more difficult to handle. However, whenever a claim turned up on a risk of this type, the producer was told that the claim draft when approved would be given only when the premium was paid. In one case the premium was around \$1,200 and the approved claim approximately the same. The office first insisted on receiving the premium before turning a wheel about paying the claim, but finally a virtual exchange of checks was made.

This office policy has served to reduce the free insurance evil considerably, for a number of producers found the practice inconvenient and embarrassing to explain to assured, and they minimized their not taken traffic.

This office started doing something else drastic about a year ago, cancelling questionable risks right and left. Over \$100,000 of premiums has been thus tossed out of the window in the year, and this policy is being continued. The business on the books is being boiled down to a profitable basis. Yet in the year the office shows a \$300,000 increase in premiums, or in other words has secured over \$400,000 more premiums than a year ago. The compensation loss ratio has gone down to near 55 percent, and on most other lines has shown similar reduction to a profitable percentage.

Feels Selection Is Answer

"I believe lack of careful selection of business, especially compensation, is largely responsible for the high loss ratios," this manager said. "When a producer brings in a risk, we question it. If he is placing most of his lines elsewhere, it is a cinch that he came to us with the compensation because he could not place it elsewhere. He will continue to give most of his good compensation and collateral lines to his regular companies, therefore we do not want his compensation. When this

Claim Without Merit Is Ceremoniously Rejected



FRANCIS P. O'CONNOR

Now that the dog days of mid-summer are here and there are fewer policies to cancel and fewer to write, Local Agent Seward Folsom of Lima, O., has time to indulge his bent as a practical joker. Casting about one hot afternoon recently for a subject and pretext for some skillful spoofing, he recalled a catastrophe that had recently befallen him—because of the activity of Neighbor Timmerman. His imagination quickened by this regrettable incident, he further remembered that Sig. Timmerman was a client of the O'Connor-McCune agency of Lima. That was enough. A claim was prepared by Agent Folsom and it was sent to Francis P. O'Connor of the O'Connor-McCune agency, who is vice-president of the Ohio Association of Insurance Agents. V. P. O'Connor chuckled and laid the claim aside. Somehow the claim letter got into the outgoing mail and went to a casualty company. Some time later Mr. O'Connor received a letter from the president of that casualty company, including a long, legal denial of liability under the policy. Herewith is Mr. Folsom's claim:

"Herebi yew are notified of a clame agin mister paul timmerman under the loadin and unloadin klaus uv his truck policy, on or about tha month uv september mister timmerman's man put twelve tun uv koal in my koal bin, when he got thru he left tha winda opun, i got a dog which wuz confined too tha bassment bekause some fourteen dogs without konsence wuz waitin outside to sedooce her. she got out thru the side winda and when her attackers had finished there fowl work all tha epidermis was drug off ov her belly. she is now all swoll up leadin me to believe she is also internelly injured. i otto be paid by yewr company as folloes:

loss uv figure an that chaiste look on mi dog	\$ 0.98
mentel angwish on mi part .....	.50
2 hours labor tryin to ketch the hound	1.00
speshul maid to keep mi kids awai frum the premises while the hound is yellin to beet hell durin delivery	4.98
16 cans uv kennell rashun ta feed the 8 pups (estimated) durin infancie	3.20
	\$40.58

"hopin too receive check frum yew bi return mail i am,"

situation arises, no matter how good the risk may appear on the surface, we tear it to pieces.

"Some of these risks are hawked around the street for a long time, one producer after another trying his hand at it. We lose money inevitably on this business if we take it, and as a matter of

Legal Aspects of Checking Unauthorized Carriers Up

STUDY LLOYDS SITUATION

Special Committee of International Association of Insurance Counsel Submits Recommendations

The special committee of the International Association of Insurance Counsel, headed by H. J. Drake, Association of Casualty & Surety Executives, which was assigned to study the London Lloyds situation at the annual meeting, has issued a report. As London Lloyds is licensed in only one state, the committee broadened its activities and reported on all unauthorized insurers as a whole.

In combating unauthorized companies the committee said that laws imposing taxes or penalties upon the insured have been held unconstitutional. Measures prohibiting persons from acting as agents of unlicensed insurers, or aiding them in the transaction of business by adjusting losses, inspecting risks or acting as brokers for the insured in placing his business with unlicensed insurers, have been generally held constitutional. However, a large part of the adjustment of losses of unlicensed insurers is done by lawyers who maintain that they cannot be prohibited for thus acting for unlicensed insurers, upon the theory that to do so would prohibit them from practicing law.

Recommendations Made

The committee recommends that the association give careful consideration to the decisions of the United States Supreme Court involving the question of taxes and penalties that may be imposed in connection with insurance in unlicensed insurers. Particular consideration should be given to laws imposing a tax on premiums paid to unlicensed insurers "doing business" in a state, as this term has been interpreted by the Supreme Court, with a requirement that the insured deduct such tax and pay the same to the state treasurer. No such law has ever been considered by the United States Supreme Court and there exists considerable difference of opinion as to the constitutionality of such law under present decisions.

"Bills have been introduced in Congress, and in some of the states, requiring banking institutions of that state to place their bonds and other insurance with companies licensed in that state," says the report. "These bills have been strenuously opposed by the American Bankers Association and also by some of our large banks throughout the country, many of which place their bonds with London Lloyds. It is estimated that these banking institutions pay to London Lloyds at least \$100,000,000 per annum in premiums on their insurance, on which no taxes are paid by Lloyds except to the state of Illinois for insurance covering Illinois risks. This is a rank injustice, both to the other states and to our authorized companies, and we believe that the association should cooperate so far as possible to correct this situation."

It is recommended that the association adopt a resolution requesting the National Convention of Insurance Commissioners to make a careful investigation of the situation and that members check on the situation in their own states.

fact I believe the producers also lose on such business in the time they spend trying to peddle it to some company which is silly or greedy enough to take it."

S. D. Pickering, who was formerly associated with Mayor T. A. Penney of Tulsa in the agency business, died in that city at the age of 62.

Oil Leaking from Truck Causes Fall; Insurer Held Liable

The Massachusetts supreme judicial court has held liable the insurer of a truckman, where oil escaped from a crack in the crank case of the truck, while parked on the street and caused a person to slip and fall on the street. The case was Mullen vs. Hartford Accident.

The Hartford Accident in denying liability, cited the case of Caron vs. American Motorists 277 Mass. 156. There, a motor truck used to deliver ice was parked. Pieces of ice which had broken from the cakes of ice being removed from the truck had fallen to the cross walk. A man stepped upon one of these pieces of ice, fell and was injured. The court held that the injuries were not within the scope of the liability policy.

However, the Massachusetts supreme judicial court found a distinction between that case and the present case. In the present case there is a necessary connection between the injurious condition of the street and the motor vehicle. The escape of oil was peculiar to automobiles and intrinsically related to the machine itself and not to the load it happened at the moment to be carrying.

Gauss Fleet Ruling Bars All Privately-Owned Cars

LANSING, MICH., July 25.—Disregard by some companies of the Michigan department's definition of a legitimate automobile fleet resulted in a new ruling from Commissioner Gauss confining fleet coverage to five or more cars under a single ownership or management and excluding from such coverage all privately-owned vehicles. Previously the definition of a legal fleet had included privately owned machines used in the business of the employer.

In its explanation of the revised definition, the department states in communications mailed to companies licensed for this class of business:

"The elimination of privately owned vehicles from the previous definition has been occasioned by a disregard of the former ruling by certain companies. This disregard of the ruling has brought about an unfair advantage gained by certain owners, which advantages can be properly said to be discriminatory, and the savings experienced by a few are viewed by this department as a form of rebating which is not contemplated as permissible by statute. Any company found to be violating the rule now established will be summarily dealt with."

Rehabilitation Order Lifted

The Continental Automobile Mutual of Columbus, O., which has been in process of rehabilitation since January of this year, has been returned to its officers and directors, with the rehabilitation order lifted on order of the common pleas court at Columbus upon application of the insurance department. Since Jan. 20 of this year the Continental Automobile Mutual has been in charge of S. H. Glessner of Mansfield, O., who was named special deputy superintendent for the purpose. Mr. Glessner is secretary of the Lincoln Mutual Indemnity of Mansfield. At first there was an impairment of \$60,000 but due to reduction in operating expenses, the department states that this was overcome and a surplus has been accumulated. The company has been granted a license in Ohio. In practically every other previous case in Ohio where impairment of a company was found, rehabilitation proved futile and liquidation was necessary.

Hint to Juror Is Reversible Error

Ohio Supreme Court Decision of Much Importance to Casualty Companies

OVERRULE FORMER CASE

Can't Quiz Prospective Jurymen on His Insurance Connections Unless It Is Openly an Insurance Case

The supreme court of Ohio in the case of Vega, Admr. vs. Evans, recently has held it was reversible error to permit the examination of a prospective juror on his voir dire as to his connection with, interest in, or relationship to any liability insurance company as such unless it has theretofore been disclosed to the court by such company or by the defense that such insurance company is actively and directly interested in the litigation. The decision overrules specifically an earlier holding in Pavlonis vs. Valentine, 120 Ohio St., 154, that such examination of jurors was permissible.

This decision is hailed by insurance men throughout the country as indicating a reversal of judicial opinion which, if it spreads to other states, will be of great help in reducing losses. At present a number of other states, like Illinois, Nebraska and Michigan, follow the old Ohio rule and permit jurors to be questioned on any insurance connections they may have before accepting them for jury service. In this way they bring home to the jurors the fact that an insurance company is interested in the case and will be forced to pay any judgment secured by the plaintiff. This subterfuge is permitted even though the courts will allow a new trial if, in the course of the actual court hearing on the merits the plaintiff's lawyer informs the jury that an insurance company is involved.

Appeal Is Pending

A petition for a rehearing of the case of Vega vs. Evans has been filed and is pending. In it the lawyers for the plaintiff argue that the insurance company is one of the real parties in interest and that it should be possible for the plaintiff to ascertain whether the jurors have any interest in such insurance company. The petition asks that the following legal proposition be approved:

"It should never be improper to disclose the true defendant in the case, and draw into the open the real, rather than the fictitious party."

Two paragraphs from the opinion of the court which state its position clearly and forcibly are the following:

"A sound public economy and the administration of justice require a strict adherence to the issues between the primary parties without regard to the existence of any indemnity contract. Liability insurance is written to indemnify the assured against legal liability only. The injection of the insurance company into the case by innuendo creates the assumption on the part of the jurors that the insurance company has been paid to indemnify the injured plaintiff for his loss, and that it is attempting to escape such liability. The objectionable voir dire examination draws the obligation of the insurance company into the case without giving the insurance company a chance to explain the exact extent and nature of such obligation. And the extension or increase of its obligations entails a corresponding increase in the rates of insurance which must be borne by innocent persons."

(CONTINUED ON PAGE 36)

Guest Statutes Are Little Aid to Defendants in Suits

COUNSEL COMMITTEE REPORTS

Question of Degree of Negligence Usually Left to Jury—Other Questions Covered.

The ineffectiveness of the guest statutes recently passed by several states seeking to hold the driver of a car harmless where an accident has occurred to a passenger unless gross negligence is shown, is pointed out by the casualty committee on the International Association of Insurance Counsel in a special report. While on their face these laws seem to be a step forward in many cases, they are of little help to an attorney defending the holder of an automobile policy, the committee reports. In nine cases out of ten the trial courts refuse to pass upon the question of whether negligence as shown or proved is actually gross negligence or not, holding that the degree of negligence is a question of fact and should be submitted to the jury.

"It is an almost uncontroverted fact that the average jury, when an automobile accident case is submitted to them, assumes an insurance company is defending the case and awards the verdict to the plaintiff," says the committee. Too much reliance should not be placed on the "guest statute," but companies should try to build up a defense on the merits so strong that the court will of its own volition direct a verdict for the defendant, or a jury will be convinced that little or no negligence is shown on the part of the defendant.

View Liability for Full Judgment

The question of possible liability of an insurance company for the full amount of the judgment rendered against the assured, irrespective of the policy limits is considered by the committee. This liability is caused in some instances through the acts or omissions of the attorney handling the litigation for the company in the original tort action. In most cases the exclusive control of the litigation is retained by the company, which agrees to investigate the action, negotiate settlement of the claims made on account of an accident, if settlement is deemed expedient, and to defend any suit which might be brought, although the right is given to the company to settle before or during the trial, if it thinks it advisable so to do.

Hold Company Liable

Negligent preparation for trial, failure to raise an available defense and failure to appeal have been held to render the company liable for the full amount of the verdict, irrespective of its policy limits in a number of cases.

"In most jurisdictions," the committee reports, "it has been held that a company is within its rights when, acting in good faith, it refuses to settle a claim for an amount within the policy limit, even though at the trial of the action a verdict in excess of the policy may be recovered. There must be evidence of the good faith of the company, however, in refusing to make the settlement."

The committee also calls attention to the various interpretations of the age exclusion clause in automobile policies providing that the policy does not cover any accident while "any automobile or trailer is being driven by any person in violation of law as to age or under the age of 14 years in any event."

Association to Have Cruise

An outing on Lake Michigan is planned by the Surety Underwriters Association of Chicago for the evening of July 31. The association will charter the "Robert R. McCormick" for a short cruise.

Again Production Head For Fidelity & Deposit



HERBERT L. DUNN

Herbert L. Dunn, who was recently elected vice-president of the Fidelity & Deposit, was originally assistant treasurer of that company. Later he became manager of the production department. About a year ago he was elected first vice-president of the American Bonding. Now he is returning to the F. & D. in charge of its production department, taking over the duties formerly handled by E. R. Nuttle, who becomes executive vice-president in charge of new work.

PWA Officials Question Sewer Compensation Rates

ST. LOUIS, July 25.—Public Works Administration officials here have complained of the high rate for workmen's compensation on sewerage construction in Missouri. The rate is 19.56 per \$100 of payroll. The sewer projects in the state for which the PWA has allotted funds will cost approximately \$5,260,000, of which \$3,156,000 will be for labor. On that basis compensation insurance will be an important factor.

They were informed by the Missouri department and the Missouri Compensation Rating Bureau that the rate on sewer construction is high because of the unfavorable experience on that line. L. S. Poor, chief rater of the Missouri department, informed R. W. Rigsby, executive assistant to Secretary Ickes, that compensation premiums on sewer projects in 1930 and 1931 were \$45,128 and losses paid \$44,318, without allowing for expenses of writing business or adjusting losses.

Hugh Miller, state engineer for the PWA, and H. M. Waite, deputy administrator of the PWA in Washington, have expressed the hope that PWA construction the next year or two will make for safer practices in sewer construction and eventually bring about a reduction in compensation rates. The corresponding rate in Iowa is \$6.33 and \$10.54 in Illinois.

Retaliation Threat If N. Y. Claimants Given Preference

OKLAHOMA CITY, July 25.—Attorney General King has returned from New York where he defended Oklahoma interests at a hearing before the supreme court, against allowing New York compensation claimants priority in liquidation of the Southern Surety. A second hearing was set for July 30, when Oklahoma claimants, backed by Commissioner Jess G. Read, will again be represented by the attorney general's office.

"If we should lose this suit and New York is given preference, it will force us to require all New York companies, which write compensation in this state, to put up a deposit for Oklahoma," Commissioner Read said.

Life Indemnity Is Watched Closely

Company Officials Are Concerned Over Large Reserves Which Must Be Set Up

EXPERIENCE IS SCANNED

Opinions Differ on Question of Limiting Weekly Indemnity to 200 Weeks

NEW YORK, July 25.—Accident and health companies are carefully studying experience on the life indemnity feature of their contracts with a view to determining how it can best be dealt with. Statistical data and an expression of views as to the general problem have been sought from all offices, and when complete returns are available the material will be assembled and laid before the governing committee of the Bureau of Personal Accident & Health Underwriters for analysis. It is assumed it will be several weeks before sufficient data to furnish a working basis will be secured.

Concerned Over Reserves

It is not the general opinion of managers that rates are inadequate to meet life indemnity claims, but rather, they are concerned over the heavy reserves companies are required to put up in cases of this character. While large companies can set aside these reserves without difficulty, younger companies with relatively small volume of business, would be seriously embarrassed by having any considerable percentage of their funds tied up for an indefinite period.

Under present policy, payment of \$25 weekly indemnity for 200 weeks would equal the face of the contract. The question is whether 200 weeks should be the limit of liability, or, if the carrier should be liable for weekly indemnity for such period as the assured is unable to pursue gainful occupation, what method should be adopted for meeting the condition.

Opinions Are Divided

The views of company men interviewed indicate a diversity of opinion. Some are eager for a definite limitation of the liability period, while others seem content to continue the present practice for a time, closely watching experience trends.

All, however, realize the question is one of prime importance, and are agreed that accumulation of the broadest possible experience and opinion is highly essential as preliminary to reaching definite conclusions.

Must Allow Personal Surety

The North Carolina supreme court has invalidated an ordinance of the city of Charlotte which requires operators of motor vehicles for hire to deposit a policy of liability insurance or cash or securities. The court held that the ordinance has a tendency to create a monopoly and turn the business over to a privileged class without allowing personal surety, which was, until recent years, the kind of bonds usually required and given. Under chapter 116, public laws of 1931, provision is made for bond of a surety company, "or a bond with at least two individual sureties." This, the supreme court held, indicates the legislative intent as to giving individual sureties in certain cases, omitted from the ordinance in question. The case was State vs. Fasseen et al.

WORKMEN'S COMPENSATION

New York Exhibit Is Given

Insurance Department, in Annual Report, Analyzes Compensation Experience of Companies in State

The New York department has issued that section of its annual report dealing with statistics on compensation insurance compiled from casualty experience exhibit, schedule R and former schedule W. Total premiums earned in New York state of all carriers operating there, except those which have ceased writing compensation, from July 1, 1914, to Dec. 31, 1933, amounted to \$774,363,311, losses incurred \$505,774,390 and loss ratio 65.3 percent. The stock companies had earned premiums of \$530,939,956, losses incurred \$350,363,116 and loss ratio 66 percent while the mutual companies had premiums earned \$243,423,355, losses incurred \$155,411,274, loss ratio 63.8 percent.

The premiums earned in all states of companies operating in New York state in 1933 amounted to \$114,443,015, losses incurred \$82,414,304, loss ratio 72 percent, expenses incurred \$47,587,976, expense ratio 41.6 percent, the ratio of net loss from underwriting being 13.6 percent. Expenses were divided: Investigation and adjustment 11.8 percent, acquisition and field supervision 14.4 percent, general administration 10.1 percent, inspection and bureau 3.4 percent and taxes 1.9 percent.

Stock Companies' Figures

The premiums earned of stock companies were \$83,921,225, losses incurred \$61,560,475, loss ratio 73.3 percent, expenses incurred \$39,578,917, expense ratio 47.2 percent and ratio of net loss from underwriting 20.5 percent. Expenses were divided investigation and adjustments 12.3 percent, acquisition and field supervision 18 percent, general administration 11.3 percent, inspection, and bureau 3.3 percent and taxes 2.2 percent.

Cooperative companies had premiums earned of \$30,521,790, losses incurred \$20,853,829, loss ratio 68.3 percent, expenses incurred \$8,009,059, expense ratio 26.2 percent. They had a net gain from underwriting of 5.4 percent. Their expenses were divided investigation and adjustment 10.3 percent, acquisition and field supervision 4.5 percent, general administration 6.7 percent, inspection and bureau 3.6 percent and taxes 1 percent.

Rejected Risk Experience

In 1933 assignment was made of 103 compensation risks in New Jersey under the rejected risk plan, the Compensation Rating & Inspection Bureau of that state reports. In addition there were 63 risks, which were renewed Oct. 1, 1933. In the first four months of this year, 58 assignments have been made. Sixty risks written by 29 companies with a pro rata share of assignments totaling \$14,000 in premiums had total losses of \$9,109, the loss ratio being 65.1 percent.

To Consider Rate Revisions

NEW YORK, July 25.—When members of the several regional committees of the National Council on Compensation Insurance meet here Aug. 9, proposed rate revisions in Maine, New Hampshire, Vermont, Maryland, Oklahoma, Colorado, and possibly Utah will be considered.

Acquisition Cost Meeting Deferred

NEW YORK, July 25.—The meeting of the Acquisition Cost Conference which was to have been held at the rooms of the National Bureau of Casualty & Surety Underwriters, July 18, but was called off because of the death of R. J. Sullivan, vice-president of the Travelers, may not take place until early September.

Report on Pennsylvania Fund

Admitted Assets Set at \$10,333,000—Volume of Business Greatly Increased in Year

Surplus to policyholders, including catastrophe hazard reserves of \$1,000,000, was \$2,215,034, the financial statement of the Pennsylvania workmen's insurance fund shows. Total admitted assets are \$10,333,455, contingency reserve \$250,000, surplus \$965,034. Bonds carried, mainly government, state and sub-division of states, with appraisal based on present value, total \$7,853,577, mortgages \$897,050, cash in banks \$473,164, premiums in course of collection less than 90 days \$768,095, premiums in course of collection from various departments of the state, \$260,221. Reserve for compensation benefits is \$5,921,489, unearned premium \$1,596,554, reserve for future cost of administration \$592,148.

Since 1928 the fund has lost more than \$1,250,000 on coal mine risks. Ratio of losses incurred to premiums earned on coal mine risks in 1932 was 107 percent; in 1933, 71.3 percent; ratio of losses incurred to premiums earned on commercial risks in 1932 was 72.1 percent; in 1933, 56.2 percent. Percentage of total losses and expense incurred to income earned on coal and commercial risks in 1933 was 78.27 percent and of underwriting expenses to premiums earned 15.21 percent.

Business Greatly Increases

There was great increase in volume of business last year, due to a large rise in payroll on coal mine risks, and also the fact that a large number of lines of commercial risks were added through cooperation of local agents who with their companies were invited to use the fund's facilities. Total volume of earned premiums for 1933 was \$3,655,401.

J. H. Devlin, well known Pittsburgh attorney, was appointed manager early in 1933 and in June, 1933, W. S. Diggs, president Hoover & Diggs Co., Pittsburgh, well known insurance man, became assistant manager.

It is understood that insurance companies have arranged with assured to pay the agent 10 percent of the premium, for handling the details, when the insurance is steered to the state fund. About 20,000 employers are insured in the fund.

Silicosis Awards Ordered Reduced in Wisconsin

MADISON, WIS., July 25.—A carrier that was on the risk of a Milwaukee industry for only one month was found liable for compensation of five silicosis victims on appeal from a decision by the industrial commission to the Dane county circuit court, but the court set aside the awards because they were computed on the wrong basis. The carrier is the Massachusetts Bonding.

The Travelers carried the compensation risk of the North End Foundry Co. of Milwaukee until Nov. 28, 1932, at which time the Massachusetts Bonding took it under binder. When the home office learned of the risk, it was ordered canceled and the employer approached the Employers Mutual Liability of Wausau, Wis. Before taking over the risk the Employers Mutual required that all employees be examined, with the result that five workers were found afflicted with silicosis and were discharged Dec. 22. They had suffered no wage losses through disability from the disease until that time, so the industrial commission made its compensation award against the Massachusetts Bonding under the rule that the carrier

at the time disability first occurs is liable.

The commission awarded the five men on a maximum full time basis of \$21 per week. The circuit court, however, sustained the insurance company's contention that the awards were computed under the wrong subdivision of the compensation act. None of the five had worked full time during the year prior to their discharge. In remanding the awards for re-computation, the court cited the ruling that compensation must bear "a reasonable relation to the wage loss sustained."

Louisiana Takes Liability on Emergency Relief Work

NEW ORLEANS, July 25.—Assumption by the state of workmen's compensation liability on all employees of the emergency relief administration throughout Louisiana is announced in a statement by Governor Allen. Compensation insurance has been furnished by the parishes at a cost of \$5 per \$100 of payroll. The effective date of the state's assumption of the insurance obligation is Aug. 1. A bill intended to place this responsibility upon the state failed of passage at the recent session of the legislature.

Reports of accidents and claims for lost-time accidents will be made to the

state. The plan includes a physical examination of all emergency relief employees, whether in administrative, supervisory or common labor jobs, to guard against fraud on the one hand and the placement of persons unable to work on jobs assigned on the other. This will insure claims being held to a minimum. It is further planned to have all supervising engineers, foremen and till-keepers take courses in first aid and safety as a prerequisite to their being continued in their present assignments. The work of these individuals in the interest of safety will be augmented by the present field force of safety engineers, who are largely responsible for the extraordinary record made in Louisiana during the life of the civil works administration, when accidents were held down to 22.7 per 1,000,000 man hours of labor performed.

Confer on N. C. Situation

William Leslie, associate general manager of the National Bureau of Casualty & Surety Underwriters, journeyed to Charlotte, N. C., last week for a conference with a committee from the North Carolina Association of Insurance Agents to discuss the compensation situation in the state. Commissioner Boney of North Carolina recently turned down an application for a compensation rate increase in the state. The agents' committee will confer with Mr. Boney in Raleigh probably next week.

CASUALTY PERSONALS

M. H. Troup, who has represented the United States Fidelity & Guaranty at Maxwell, Ia., for 20 years, has received a 20-year honor certificate.

C. W. Laird, recently appointed manager of the surety department at the home office of the Indemnity of North America in Philadelphia, plans leaving his present connection with the Employers Liability in New York City the latter part of July, to secure a residence in one of the suburbs of the Quaker City. He always has been a home office underwriter, his earlier experience having been with the National Surety and then with the eastern division of the Union Indemnity.

C. S. Russell, 45, treasurer Southern Life & Health of Birmingham, died at his home there after a short illness.

Mrs. Alberta Hudson, 55, wife of Dennis Hudson, president of the Central Surety of Kansas City, died there after a long illness.

J. S. Kemper, president of the Kemper group of Chicago, bought a 20-room English type residence at Winnetka, Ill. This is the former estate of Vice-president G. L. Pirie of Carson, Pirie, Scott & Co. of Chicago, comprising 5.6 acres fronting on Lake Michigan. Mr. Kemper has moved into the residence.

When G. Clay Baker, Kansas workmen's compensation commissioner, alighted from an airplane in Columbus, O., last week on a trip east, he was shocked to be greeted by eight heavily armed police officers, who are reported to have immediately remarked, "Aw, that isn't Dillinger." Mr. Baker answered that he was glad of it, then learned that the Columbus police had been informed that a man resembling John Dillinger, the much hunted bandit, had boarded the plane for Washington, D. C., registering as "Mr. Baker." He was as much pleased as the officers were disappointed.

W. F. Roeber, general manager of the National Council on Compensation Insurance, will leave on his vacation Aug. 10. He will sail with Mrs. Roeber and their children on a Royal Netherlands liner for a trip through the West Indies and along the Venezuelan coast, intend-

ing to be gone 23 days. An ardent fisherman, Mr. Roeber looks forward to much sport in trolling from the vessel in tropical waters.

E. W. Pyle, resident manager of the Preferred Accident in Detroit, died there after a protracted illness. Born in Mt. Vernon, O., in 1858, he went to Detroit in 1882 and in 1890 was appointed manager for the Preferred, holding that position since.

Mr. and Mrs. Jack Belfi, Camden, N. J., are receiving congratulations on the birth of a son, John Robert. Mrs. Belfi is the former Miss Elizabeth M. Carey. Mr. Belfi is agency supervisor of the accident and health department of the General Accident, Philadelphia, and is well known in athletic circles.

R. R. Mason, secretary of the British Engine, Boiler & Electrical Insurance Company of England, who is in this country, together with several other head office experts of the Royal-Liverpool organization, was in Chicago last week. He called a meeting of inspectors, advising them how the service in the boiler and machinery department might be improved.

May Raise N. Y. Bus Limits

NEW YORK, July 25.—One result of the accident at Ossining, N. Y., July 22, in which 18 passengers in a chartered bus lost their lives, will probably be an amendment to the state law, under which the amount of public liability indemnity bus owners must carry will be increased substantially. The present law requires only \$2,500-\$5,000 limits, with \$500 property damage. Motor Vehicle Commissioner C. A. Harnett has long advocated higher figures and will now insist on amendatory legislation.

Discard Automatic Cancellation

NEW YORK, July 25.—Since listening to the plea of the late J. L. Case for the automatic cancellation of casualty policies for non-payment of premiums over a year ago, the National Bureau of Casualty & Surety Underwriters has given no further consideration to the suggestion, holding it embraced too many practical objections to justify its being seriously entertained.

ACCIDENT AND HEALTH FIELD

Abraham Lincoln Life Sold

Control of Springfield, Ill., Company Is Taken Over by Group of Kansas City, Mo., Men

The Abraham Lincoln Life of Springfield, Ill., has been purchased by a group of Kansas City and Chicago men, headed by Charles Z. German, Kansas City attorney, who has become president of the company. Associated with him are his father, Charles W. German, who becomes vice-president and general counsel; George W. German, who becomes secretary; U. S. G. Peabody of Kansas City and H. C. Bonfig of Chicago, directors.

H. B. Hill, the retiring president, who has been in insurance work for more than 26 years and founded the company in 1916, and F. M. Feffer, vice-president and agency director, will remain in an advisory capacity for a limited time, to acquaint the new officers with the affairs of the company, after which they expect to withdraw entirely from the insurance field. Mr. Hill will give his attention to his other business interests. Mr. Feffer and his family will spend the winter in Phoenix, Ariz., after which he will become associated with his father in the manufacturing business. Dr. John R. Neal, while resigning as secretary, will remain permanently with the company in the medical department and O. F. Davis, assistant agency director, who has been giving most of his attention to the accident and health department, will remain in the agency department.

The new president has served as counsel for insurance companies for a number of years and is familiar with the business from that angle. He and his father are associated in the practice of law in Kansas City under the firm name of German & German.

The company was started in 1916 as the Mutual Life of Illinois, having as its running mate the Commercial Health & Accident, and was reincorporated in 1919 as an old line legal reserve company under the same name. In 1926 the name was changed to the Abraham Lincoln Life. Its admitted assets at the first of this year were \$13,460,644. Its accident and health department last year showed net premiums of \$254,902, with a loss ratio of only 39 percent, but an underwriting expense ratio of 68.3 percent. The premiums in that department showed a considerable decline last year, but have been showing a remarkable increase so far this year.

Lack of Policy Uniformity Adds to Lawyers' Trouble

The desirability of the adoption of uniform provisions in accident and health policies generally, and especially in the language of the insuring clause, which has been a major topic at several recent meetings of the Health & Accident Underwriters Conference, is stressed in the report of the health and accident committee of the International Association of Insurance Counsel. The report says in that connection:

"While the committee recognizes that competitive conditions are such that the many companies writing health and accident insurance can not be prevailed upon to adopt uniform policies, yet we believe much constructive work could be done by this association in pointing out the handicaps under which lawyers now work because of the diversity of provisions of insurance policies, especially in the insuring clause. Lawyers defending insurance companies on policy suits, in their effort to find controlling and persuasive authority, are constantly confronted with the fact that the language in the various policies can so

often be differentiated, with the result that a case which should be helpful loses its value because of the distinctions which can be pointed out in the language used in the policies."

The committee also lays especial emphasis on the danger of going to trial in cases where the defense is not strong, with the result that often a dangerous precedent is set, which has a bad effect on the business generally. It was sug-

gested that a committee might be set up, which could act as a clearing house for the exchange of opinion in regard to cases of this kind, and thus possibly prevent some harmful decisions.

Illinois Mutual Casualty Has Widespread Gains

President O. L. McCord at the annual meeting of the Illinois Mutual Casualty at Peoria, Ill., reported that the company had experienced most satisfactory gains each month this year compared with the corresponding months in

1933. During the first six months of this year the company has had a 17.5 percent increase in paid premiums. The increase comes from all of the states in which the company operates.

Vice-president E. A. McCord in charge of the claim department reported that all claims had been paid promptly and that the record of never having had any claims litigated still held 100 percent. Over \$225,000 has been paid in claims in Peoria since organization.

Mueller, Collins Named

E. H. (Count) Mueller, general agent Pacific Mutual Life, Milwaukee, has



NATIONAL
SERVICE
on
Automobile

Plate Glass

Burglary

Public
Liability

Compensation

Accident and Health
Insurance
and
Fidelity and Surety
Bonds

(Dec. 31, 1933 Statement)

Capital
\$1,000,000

Surplus
to
Policyholders
\$1,604,286.37

Assets
\$4,525,476.80

Discriminating Agents Approve
the
Central Location
Complete Facilities
and
Financial Security
of



**CENTRAL SURETY
AND INSURANCE
CORPORATION**

KANSAS CITY,

MISSOURI

DENNIS HUDSON, President

been made regional vice-president of the National Accident & Health Association, with jurisdiction over the northern central west states. He has always been active in the national association, is one of the largest personal producers in the country and in addition has a large general agency.

John P. Collins of the National Casualty, first president of the national association, whose personal work has done much to further its advancement, will have jurisdiction over the Great Lakes territory.

Offers New Reimbursement Form

The United States Fidelity & Guaranty is offering a "guaranty reimbursement limb and sight policy," form 560, which provides no indemnity for loss of life, but pays the principal sum for loss of both hands or feet or sight of both eyes, with proportionate amount for loss of either hand, foot, sight of one eye or loss of thumb and index finger. Special indemnities are provided for designated amputations, fractures and dislocations. It may be sold to both men and women, employed or unemployed, the age limits for men being 18-64 and for women 18-59. The annual premium for \$5,000 principal sum and \$500 medical and hospital reimbursement, class A,

is \$15. The limit on principal sum is \$15,000 and reimbursement \$1,500.

Central Assurance Writes Life

Taking advantage of the new Ohio law, which permits a health and accident company with \$100,000 surplus to write life insurance, the Central Casualty, Columbus, O., has changed its name to the Central Assurance, enabling it thus to broaden its activities. It is said that no arrangements have yet been made for writing life business. The National Masonic Provident of Mansfield, acting under the new law, recently entered the life field, with W. H. Conklin in charge of that department. He formerly was with the Mutual Benefit Life.

Freeport Company's Statement

The Freeport Motor Casualty of Freeport, Ill., in its semi-annual statement shows assets \$785,449, premium reserve \$173,765, loss reserve \$130,580, voluntary contingent reserve \$30,000, capital \$200,000 and net surplus \$206,241. President L. G. Younglove states the company has no bonds or mortgages in default of principal or interest. Bonds are carried at actual market value as of June 30.

The Metropolitan Mutual Auto of New York has been formed as a mutual automobile casualty company.

NEWS OF THE COMPANIES

Hearing on Bid Is Postponed

National Surety Case Adjourned Until July 30—Objectors Are Heard—Appraisal Not Completed

The hearing before the New York supreme court on the bid of the Haystone Securities Corporation for purchase of stock of the National Surety Corporation was adjourned to July 30 when the case came up last Friday. At that time representatives of some of the creditors and stockholders of the old National Surety voiced objection to the proposed deal. For this reason and also because P. J. Hangley, who had been appointed to make an independent appraisal of the stock, had not completed his work, adjournment was decided upon.

No Other Bids Received

No other bids were received in response to the invitation of Superintendent Van Schaick of New York. He set the dead-line at July 19 for the filing of such bids. The Haystone Securities

Corporation is offering \$6,000,000 for the stock.

It was the contention of objectors to the Haystone Securities' offer that the capital of the new National Surety is worth considerably more than the price named, considering the well established agency plant of the organization, its managerial staff and the high measure of success that has attended the institution during the 15 months in which it has been operating.

Mr. Hangley filed an appraisal Monday of this week. He values the stock at \$87.50 per share based on 100,000 shares of \$10 par value outstanding. The tangible assets including stocks and bonds, cash in banks, uncollected premiums and other items, total approximately \$14,000,000; the good will, trade name and agency plant is valued at \$690,325, while profit on the unearned premium reserve is estimated at \$2,232,280, making the intangible assets \$3,482,823.

Liabilities are placed at \$8,683,668, including reserves for losses, unearned premiums and miscellaneous accounts. Mr. Hangley reports the corporation as having 32 branch offices, 151 general agents, 6,554 local agents. There are 781 solicitors and 2,750 other individuals employed in branch offices. It operates in all states and territories and in several foreign countries. In preparing his report Mr. Hangley was assisted by the accountancy firm of Price, Waterhouse & Co.

New Amsterdam Casualty Defers Dividend Action

BALTIMORE, July 25.—Directors of the New Amsterdam Casualty have decided to postpone consideration of a dividend until some time during the autumn, instead of taking action at this time, according to President J. Arthur Nelson.

"Having paid dividends throughout the depression, we must determine the extent to which we should now accumulate surplus," Mr. Nelson said in a statement to stockholders.

"Our experience during the first half of 1934 has been very encouraging. Surplus has increased from current operations after paying dividends of 40 cents per share. In addition the market values of our bonds and stocks are more than a million dollars greater than at the beginning of the year.

"The extraordinary losses growing out of the banking panic of 1930-1933, and its consequences, having ceased, we are progressing in a normal manner.

"We have had the good fortune to maintain our volume of premiums, which should be greatly to our advantage under improving business conditions, and we are optimistic about the future trend."

U. S. Tax Claim Holding Up Final Liquidation Dividend

SIOUX CITY, IA., July 25.—Checks are being mailed out to claimants of the defunct American Bonding & Casualty of Sioux City for 7½ percent of their claims. Three former dividends bring the total paid to 94 percent of the claims and the balance of the 100 percent would be paid at this time, with a possibility of some interest, had not the federal government made a claim of approximately \$44,000 for income tax.

This action of the revenue department was a great surprise to Receiver W. F. Grandy as well as his legal counsel. It seems to be an unprecedented demand and is being resisted vigorously by the receiver. The federal authorities claim the income from the securities in the hands of the receiver is subject to tax. Receiver Grandy contends that the

Bankers Indemnity agents enjoy direct and sympathetic relationship with the Company Executives thus facilitating the handling of current underwriting problems.



BANKERS INDEMNITY INSURANCE COMPANY

Newark, New Jersey

One of the American Group

income actually belongs to the claimants, who when they receive it are subject to the tax if any. There are other legal twists to the complicated matter. Counsel for the receiver has told the revenue authorities that the burden is on them to prove their case and that they must come into the jurisdiction of the federal receivership of the American Bonding & Casualty with proof. The matter seems to be at stalemate for the present. Meanwhile the receiver is holding back from claimants the \$44,000 which is in controversy.

The American Bonding & Casualty failed in January, 1921. Because the receiver was able to defeat the government's claim for about \$1,250,000 on contract bonds of the Triangle Ship Corporation, and settled that enormous claim for about \$100,000, he has been able to pay out practically in full.

New Company Names Officers

LOUISVILLE, July 25.—W. P. Tate, president of the newly organized Independence Insurance Co., Louisville, and former actuary of the Kentucky insurance department, has appointed Cary Tabb, local attorney, as vice-president. M. G. Martin, who has been with the insurance department of the Louisville "Courier Journal" and "Times," has been named secretary-treasurer.

Receiver for State Protective

INDIANAPOLIS, July 25.—L. H. Oberreich has been appointed receiver for the State Protective Association of Indianapolis, a concern operating under the non-profit association act and not reporting to the insurance department. It has been offering what is virtually a mercantile holdup policy, at very low rates, to small merchants in Illinois, Missouri and other states. M. Perryman was president and had come to Indiana from Florida, where he operated a similar concern. He first began busi-

ness with the State Protective with headquarters at Fort Wayne, Ind., then moving to Lafayette and from there to Terre Haute, finally ending up at Indianapolis. Many complaints are received at the insurance department that concerns operating under this law are not paying claims.

American Surety Report

Total assets of \$23,708,969 are shown in the financial statement of the American Surety as of June 30, with securities carried on convention basis. After setting up contingency reserve representing difference between values carried in assets and actual June 30 market quotations on bonds and stocks owned, surplus and undivided profits of \$2,413,239 were reported.

Employers Reinsurance Audit

The Employers Reinsurance of Kansas City was examined as of Dec. 30 by the Missouri, Kansas and Oklahoma department. Total admitted assets were set at \$8,780,798 with bonds carried on amortized basis and stocks at convention values; contingency reserve \$426,857, representing difference between values carried in assets and actual market quotations Dec. 30, on bonds and stocks owned; surplus on market value basis \$1,360,307. The examiners reported the company was in very satisfactory financial condition, the management capable and conservative and underwriting and investment policy sound.

Not to Extend Field Now

There have been reports for some weeks that the Pacific Indemnity of Los Angeles intended to enter middle western and eastern territory. President M. R. Johnson states there is no foundation to the report as the company has not considered the matter of entering that field. "Undoubtedly there will come a time when an extension of ter-

ritory will be considered, but not in the immediate future," states President Johnson.

National Auto Increases Capital

The National Automobile of Los Angeles has increased its paid-up capital from \$250,000 to \$300,000 to cover the various lines for which it is licensed in California, including fidelity and surety, liability, workmen's compensation, burglary and automobile.

Casualty Field Changes

Transfer Allen to Boston

Robert M. Allen, who has been assisting Donald B. Ward, resident vice-president American Mutual Liability in Chicago, has been appointed assistant to Vice-president C. E. Hodges, Jr., in Boston. Mr. Allen is to assume his new duties in Boston Aug. 1.

Garritt De W. Clark, manager for the American Mutual Liability at Portland, Me., died unexpectedly a short time ago. He had been manager at Portland for about ten years. He was a cousin of Donald Ward, resident vice-president in Chicago.

To Open Chicago Branch

The Bituminous Casualty of Rock Island, Ill., announces that a branch office will be opened on the 19th floor of the Insurance Exchange in Chicago. This will be in charge of C. G. Baeder, who has been connected with George R. Hess & Co., representing the Gulf of Texas and other companies. Mr. Baeder was connected with the Zurich for 15 years as an underwriter. The branch will accept compensation and public liability on desirable lines from brokers. The company started writing

lines other than coal mines some time ago and at present has a fairly good volume of this business in Chicago and the Chicago district through brokers. The new branch is being established to give better service to brokers and policyholders.

Fischer Handles Home Indemnity

The Home Indemnity's Indiana business has been put under the supervision of L. J. Fischer, state agent of the Home and affiliated fire companies.

Bristow Opens Adjustment Office

E. M. Bristow, who has been claim manager in Richmond for a casualty company for Virginia and part of West Virginia, is opening an office in Lynchburg Aug. 1 for investigation and adjustment of claims. He will specialize in casualty, surety and kindred lines.

Denison in Service Department

F. L. Denison, who has had long experience in insurance work in Ohio, has been appointed to the service department of the Cleveland office of the Standard Accident under V. L. Kloppeburg, in charge of the service department.

Permitted Deviation in Rate

The American Fidelity & Casualty of Richmond has been authorized by the Virginia state corporation commission to deviate from prescribed rates for automobile liability and property damage. The company writes business on publicly operated motor vehicles on a mileage basis.

H. W. Kelley Dead

H. W. Kelley, 35, office manager at the United States headquarters of the London Guarantee & Accident, died at Hyannis, Mass. He had been with the company since 1922.

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Pacific Coast Office: 200 Bush Street, San Francisco, Cal.

FIDELITY AND SURETY NEWS

New Application Form Issued

Surety Association Makes Use of System Mandatory—Questionnaire May Still Be Used If Desired

NEW YORK, July 25.—Through use of the revised blanket bond application form recently approved by the Surety Association of America, underwriters will be able to pass judgment upon lines more promptly and intelligently. The revised form, use of which is obligatory, calls for certain essential facts concerning a risk, which formerly was obtained through a questionnaire.

Companies desiring to use the questionnaire in addition to the new application form, are privileged to do so. While a direct writing company, particularly where it had carried a line for a series of years, often felt justified in renewing without getting as complete information as on a new risk, difficulty was often encountered when reinsurance was sought. The reinsuring office wanted to know more as to the phys-

ical nature of the line and greater detail as to its financial standing and history than that furnished it by the direct writing company. All essential data as to the average risk will appear upon the new application blank, and hence will facilitate passing business.

Hoey & Ellison Write Bond

Will Place \$5,000,000 Contract on Construction of Grand Coulee Dam in Washington

NEW YORK, July 25.—Hoey & Ellison of this city will place the \$5,000,000 bond required by the federal government from the successful bidders for construction of the Grand Coulee dam at Almira, Wash. Silas Mason & Co. of New York, the Walsh Construction Co., Davenport, Ia., and the Atkinson, Kier Construction Co., San Francisco, made a joint bid of \$29,339,301, which was accepted.

The quotation of the Six Contractors, Inc., San Francisco, who are building

Boulder Dam, for the Grand Coulee work was \$34,555,582. The bond rate for the contract promulgated by the Towner Rating Bureau is \$1.687 per \$1,000, for the term of the contract, which, it is estimated will require four years for completion. The rate named includes an agency commission of 12.5 percent.

Great Opportunity in Fidelity

Vice-President Glasgow of Continental Casualty Finds Field Highly Desirable for Agents

Fidelity business, because of the certainty with which it renews itself, always has been considered by producers a highly desirable line to write, and in these times offers unusual opportunities to aggressive agents, being noncompetitive and a field virtually undeveloped, according to H. A. Glasgow, vice-president Continental Casualty, who directs the Chicago branch office of that company.

The company's fidelity business in 1929 largely consisted of banker's blanket bonds and public official business, but since then two or three thousand banks have closed with corresponding loss of banker's blanket, and public official business is no longer being freely

written because of the depository liability involved. In spite of these facts, he said the Continental Casualty has offset this loss of fidelity business and in addition is writing 50 percent greater volume of this class of business than in 1929.

Mr. Glasgow attributed this to two factors: (1) Increasing appreciation by employers of need for bonds on employees and (2) realization by agents of the fact that fidelity coverage is not a specialty but a valuable form of insurance which they should sell with the same diligence and persistency that they employ in selling other forms of coverage.

Hint to Juror Is Reversible Error

(CONTINUED FROM PAGE 31)

"The brief of plaintiff itself shows the prevalence of such fallacious assumption. It asserts that the insurance company is 'the real party defendant' and says that it attempts to pose behind the nominal party defendant for the mere purpose of avoiding liability, 'thus attempting to defeat the very purpose of a contract to indemnify persons who are injured or killed by the negligence of their insured.' It cannot be asserted with too much emphasis that the insurance company is not the real party defendant. The parties involved in the action for damages should be the same as the parties involved in the accident or injury. And a sound public policy requires the determination of the question of liability by reference to the issues between such parties only, without reference to their contracts with others. There is no more reason to say that an indemnity insurance company is party to the suit because it has a liability to pay the judgment or part of it, than there is to say that attorneys for a plaintiff are parties to a suit because they have been assigned an interest in the judgment to secure their fees. And it deserves to be repeated that the contract of the insurance company is not 'to indemnify persons who are injured,' but to indemnify the assured only to the extent of his legal liability.

Should Defendants Be Penalized?

"Counsel for plaintiff frankly stated in argument that it is well known that one element in the jury's determination of the amount of the verdict is the ability of the defendant to pay, and insisted that the existence of an insurance contract bears materially upon that point. Is a defendant to be penalized for his prudence and providence? Would counsel say that a defendant's savings should be disclosed?"

May Write Non-Ownership

The Nebraska department has specifically ruled that its recent prohibition against including employee owned cars in automobile fleets does not prohibit endorsement of the employer's policy to cover non-ownership liability. There has been considerable demand for non-ownership coverage in Nebraska, since the district court of Hastings sustained a judgment for \$5,000 against the New York Life because a part time agent, whom it had sent out on lapsed work, ran down and injured a girl.

Plan Virginia Field Club

Casualty field men in Virginia are planning to form an organization to be operated along the lines of the Fire Insurance Field Club of Virginia. At a meeting in Richmond a committee was appointed to draft a constitution and by-laws and to suggest a suitable name for the organization. The committee will report at another meeting to be held shortly, at which it is expected a permanent organization will be effected. A number of state managers and special agents were present at the initial meeting.

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Asks Opinion of Agents on Double Indemnity Item

The Century Indemnity is soliciting an expression of opinion from its agents as to whether the sales value of the double indemnity provision in the accident policies offsets its undesirable effects. L. M. Willson, superintendent accident and health department, expresses the belief that whatever value the double indemnity provision had as a competitive sales aid has long ago disappeared. He feels that the hospital and medical reimbursement provision is a much more attractive sales feature and is a real insurance provision, as contrasted with the offering of a gratuitous sum based upon such an irrelevant circumstance as whether the injury is sustained here rather than there. The promise of indemnity, he contends, for actual loss sustained is legitimate insurance. The promise of extra money based upon where the insured is when the injury occurs is not legitimate insurance but comes disagreeably close to a bet and has a demoralizing effect upon a certain class of people.

Massachusetts Compulsory Auto Rate to Be Higher

BOSTON, July 25.—Intimation from the insurance department, which fixes the compulsory automobile liability rates in Massachusetts, that there will be a considerable increase shown when the schedule for 1935 comes out next month, has started the annual flareup of protest from motorists and others. No definite figure could be estimated.

The increase is due to the increased number of fatal accidents and personal injuries, with the resultant increased drain on insurance company funds. Rates are based on the number of accidents and claims for the five years preceding the year for which the rates are in force. According to the figures of the registry of motor vehicles, in the five years ending in 1933 there were 239,036 accidents causing death or injury as against 232,934 for the five years ending 1932, an increase of 7,210.

President Duboc Explains Michigan City Situation

President R. B. Duboc of the Western Casualty of Fort Scott, Kan., makes an explanation of the circumstances surrounding the repaving of the principal street in Michigan City, Ind., a contract on which the Western Casualty issued the bond. John Legura of Gary, Ind., was the contractor. Mr. Duboc states that the job was awarded in April, but the money was not made available and the contract was not actually signed until May. The date for completion provided in the contract is Aug. 15 and the work will be completed on time, so there is no excuse for any statement that the merchants have been injured by the delay. The contractors encountered some difficulties but the Western Casualty promptly took charge of the job and Mr. Duboc states it is moving along according to schedule. While the Western Casualty has advanced some money for materials and labor, it does not anticipate any ultimate loss under the bond.

James D. Adams, chairman of the Indiana Highway Commission in a letter to Mr. Duboc states: "After we had called upon them to do so, the Western Casualty & Surety promptly took over the prosecution of this work. The job is being handled not only to the satisfaction of the state highway commission but also to the approval of the people in Michigan City."

Deposit Law Soon Operative

The law requiring all fidelity and surety companies operating in Louisiana to file with the state treasurer

\$50,000 in cash, national or state bonds as a guaranty of good faith, becomes operative Aug. 1. The measure, induced through the failure of the Union Indemnity was drafted by the secretary of state. Various amendments offered by insurance people, while first approved by the legislators, were later discarded, the bill passing in its original form.

Canadian Loss Ratios High

Companies Writing Accident and Sickness There Seek Organization to Improve Conditions

TORONTO, July 25.—As a result of several years of unsatisfactory conditions in accident and sickness insurance in Canada, a meeting was held recently in Ottawa to organize a council or bureau for companies writing these lines. Several other meetings have been held, and plans of the council are well advanced, but some details are still unsettled. H. F. Roden, Montreal, Canadian manager of the Commercial Union group, was chairman of the first meeting. Another leader in the movement is J. C. Stuart, general superintendent Dominion of Canada General.

Toronto. Detail work in connection with the new organization is being handled for the present by the Canadian Casualty Underwriters' Association. There has been an accident and sickness group in this association for some years, but it has acted merely as an information bureau.

The unsatisfactory results in these lines are indicated to some extent by rising loss ratios for Canadian business, as follows:

Year	Personal Accident	Combined Accident and Sickness	Sickness
1926.....	44.3	55.2	55.5
1927.....	41.2	54.8	56.1
1928.....	41.8	59.5	60.3
1929.....	46.9	60.8	62.3
1930.....	43.8	60.9	57.9
1931.....	51.2	60.2	66.7
1932.....	57.8	66.1	72.0
1933.....	47.7	62.8	70.3

Some of the factors in the unfavorable experience, according to men active in that line, are excessive competition, resulting in the introduction of new frills without compensating increase in premium; the lessened amount of new business, due to the depression, thus increasing the percentage of older risks and therefore the claim incidence, and the increase in "claim-consciousness." There has been an extremely wide variation in

rates, as much as 30 or 40 percent in some cases.

Want Nebraska State Police

LINCOLN, NEB., July 25.—Following a declaration by former Attorney-General Sorensen that Nebraska had the reputation in the underworld as "a boob state" so far as bank robberies were concerned and as a result was paying high insurance rates, Group 2 of the Nebraska Bankers Association adopted a resolution supporting a state police force immune from politics and equipped with up-to-date armament. Nebraska banks now pay a high premium on robbery and holdup coverage.

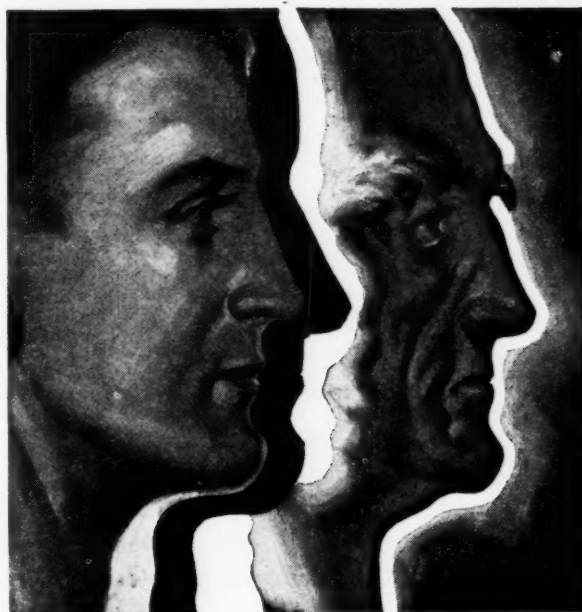
Form Ten-Year Club

Employees of the Standard Accident who have served ten or more years with the organization, have organized a ten year club. Twenty percent of approximately the 900 employees of Standard are eligible. All but one of the officers have been with the company more than ten years.

John H. Thom, vice-president, is the oldest employee in point of service, with nearly 48 years to his credit.

Edward A. Warnica is president of the club.

VIEWPOINT



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Continental executives are familiar with every day agency problems. Their spurs were won by performance in the field.

This viewpoint, young enough to be aggressive, old enough to be conservative, has been a factor in the success of these Companies and their agents. It insures the DURABILITY of this institution.

CONTINENTAL
CASUALTY ASSURANCE
COMPANIES
CHICAGO ILLINOIS



Liquor Important Item in Auto Toll

(CONTINUED FROM PAGE 20)

loath to declare a driver intoxicated even where it is very apparent that he has been drinking considerably. Unwilling to be a party to possible injustice to a driver, they are likely to lean to the old army definition that a man is not drunk unless he is flat on the ground.

The uncertainty of trying to determine by the usual rough tests whether a man is intoxicated or not has renewed

interest in blood tests, such as are used some places in Europe. Experiments have shown such tests to be a very accurate index of the degree of incapacity from alcohol.

Despite the unquestioned increase in the amount of drunken driving, however, only those who like to oversimplify their problems would be willing to attribute very much of the alarming increase in automobile accidents and fatalities either to drinking or the change in the situation since repeal.

A glance at the Metropolitan Life's statistical bulletins shows that death rate from motor accidents in 1920, the first year of national prohibition, was 11.1

per 100,000 among the company's industrial policyholders, whose vital statistics show a close correlation with the general population. The death rate kept mounting steadily, until 1931, when the rate was 22.3 per 100,000, or double the 1920 rate. Largely on account of the depression, the rate went down to 19.2 in 1932 and 20 in 1933, but the rate is on the increase again this year.

Greater Caution Is Needed

To blame repeal for any large share in the increased number of auto deaths this year would be as illogical as to say that prohibition was a principal cause of doubling the auto death rate from 1920 to 1931. There are too many other more plausible reasons. Chief among these are better roads, more people driving during a greater portion of the year, and faster, smoother operating cars. Drivers often fail to realize the need for increased caution.

There has been considerable work done in eliminating dangerous spots in highways and in improved markings of curves and other hazards. A very real contribution is education of the public in safe driving through newspaper articles, radio, and addresses to school children.

There is reason to believe that progress in this type of education will do a good deal to lessen the number of accidents caused by alcohol, particularly where the driver is not much inebriated but where delayed reactions are sufficient to cause a crash. Less skillful drivers probably fail to make allowance for slower reaction time after having a drink or so. Even one drink can double the normal person's reaction time, which is about two-fifths of a second. A car traveling 60 miles an hour covers 35 feet in two-fifths of a second, which means that a driver who has had one drink will travel 35 feet farther than the completely sober one before being able to act. Frequently 35 feet makes the difference between a bad crash and none at all.

Public Education Vital

What is necessary is a far more serious conception of the responsibilities involved in handling a dangerous, powerful instrument weighing upwards of a ton and traveling at speeds which make the utmost attention essential for safety. Much of inebriate's failure to govern his conduct at the wheel in accordance with his own impaired condition is due to his failure, drunk or sober, to realize the capacity of the automobile of today for damage and injury when it is not under the best of control.

R. J. Sullivan Death Leaves Big Gap in Casualty Field

(CONTINUED FROM PAGE 20)

ing the Travelers to its foremost position among the casualty insurance companies was shown in many ways. His clear conception and keen imagination enabled him to see the future possibilities of such lines as automobile, compensation and liability insurance, long before they became apparent to others. He identified himself with the casualty business to such an extent that it became a part of his life and he became a very important part of it. In order to promote higher ethical standards and safer underwriting practices among companies writing these lines, he was active in the development of the National Bureau of Casualty & Surety Underwriters and the National Council on Compensation Insurance.

Viewed All Sides

He had the rare faculty of being able to view a situation from three angles; from the viewpoint of the buying public, of the man who was called upon to sell that line and of the company from was writing it. This explains the firm stands he took on many insurance problems. In advocating merit rating of automobile risks, for example, he clearly saw that the interests and attitude of the buyer of automobile insurance could

not be ignored. The plan which was finally adopted was by no means perfect. Mr. Sullivan saw immediately its weaknesses and limitations. But because it was a step in the direction of what he considered justice to the careful driver, he threw his whole-hearted support behind it. The plan in its original form failed. Up to the time of his death, however, Mr. Sullivan remained confident that the elementary justice of the idea would eventually triumph.

The same was true of his advocacy

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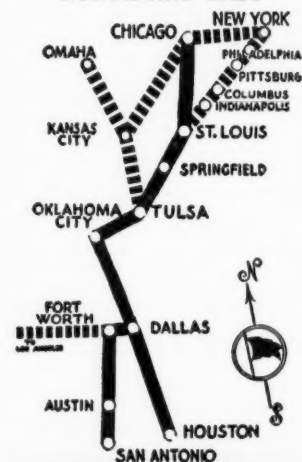
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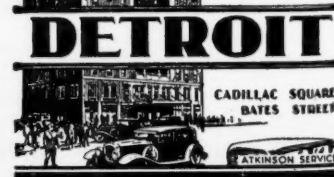


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of installment payments on automobile risks. He recognized that it meant more work for the company, more work for the producer; but he also saw that automobile insurance must be brought within the reach of the masses of car owners. The depression prevented installment payments from achieving the increased popularity of the line which Mr. Sullivan sought.

Notable also were his efforts toward liberalizing policy contracts and toward the popularization of casualty insurance in general, so that the benefits of such insurance protection might be made available to a larger proportion of the public.

Accident Prevention Work

Mr. Sullivan had many interests which grew out of his leadership in the casualty insurance business, and one of the most prominent of these was the development of the collateral services of casualty insurance, among which is that of accident and loss prevention not only through engineering and inspection service, but also through the education of the public in the conservation of life and limb upon the streets and highways. He was one of the most ardent supporters of the Travelers' activities in connection with the promotion of street and highway safety, and was always willing to give his time to a consideration of ways to reduce the country's annual casualty record. Less than two weeks before his death, in a talk with an associate in the company, Mr. Sullivan said that if he ever found it possible to retire from active business, there would be nothing more that he would like better than to spend his time in helping to bring about safer use of the streets and highways. This feeling which he often expressed gives something of an ironical touch to his death.

From his earliest days with the company, Mr. Sullivan had absorbed the Travelers doctrine that "an injury prevented is a benefaction; an injury compensated an apology," until it had become a part of his character. He had learned that most accidents were preventable. He had struggled with the problem of accident prevention in industry; had watched employers change their attitude from fatalistic indifference to enthusiastic cooperation as they learned that such accidents could be prevented and that measures to promote safety paid highly profitable returns.

Highway Accidents

As success was achieved in the industrial field, he turned his attention to that much more difficult problem: accident prevention on the highways. He firmly believed that the country's toll of automobile deaths and injuries could be reduced by the same methods that had been found successful in industry: education, enforcement of discipline, engineering, and making it profitable for motorists to operate their cars with care and consideration. The first step in the education of motorists and pedestrians, he realized, was a clear picture of the

existing situation. It was for this reason that he enthusiastically backed the proposal that the Travelers issue an annual study of the automobile casualty record such as "Worse Than War," "Tremendous Trifles," "They Call Us Civilized" and "The Great American Gamble." In these the Travelers gave a complete, graphic and startling picture of the automobile accident situation, with constructive suggestions on ways that such accidents could be avoided.

His firm conviction that it was not enough for a casualty insurance company to accept with fatalistic indifference an annual automobile death roll of 30,000 and more, and hundreds of thousands of injuries, explained his enthusiastic support of the merit rating plan. Experience taught him that the dollars saved by an improved accident record aroused many employers to a wholehearted support of accident prevention measures in their plants. He felt that the same incentive would induce many automobile owners to more careful operation of their cars.

Governing Committee Member

In recognition of his position in the insurance business and his intense interest in accident and loss prevention, in 1929 he was elected a director of the American Standards Association, an organization perfected to be of service in the further industrial development of the United States. He also was a member of the governing committee of the National Bureau and was intensely interested in that organization's activities in the conservation of life and limb.

He was uncompromisingly honest with himself and others. As a matter of fact, in his relationship with others, he was handicapped much by his refusal to compromise when principles of honesty or justice were involved. If he felt that any plan or measure was unfair to any important group, whether it be the buying public, producers or companies, he would fight to the last in his efforts to amend it.

In spite of the fact that his keen eyes and his intense manner tended to awe some who came in contact with him, he was one of the most kindly of men. Dozens of persons in and out of the Travelers have the best of reasons to feel grateful toward him.

Lived Life Intensely

Mr. Sullivan did not live to accomplish half of what he hoped to do; but he lived his life intensely, and earned a tremendous satisfaction out of life by striving to achieve those objectives which he felt were worthy of achievement.

He leaves his wife, Mrs. Mary Bland Bresnahan Sullivan, with whom he celebrated their thirtieth wedding anniversary July 11, and nine children. Robert J., Jr., is assistant cashier in the company's branch office at Albany. He also leaves two brothers, Howard R. Sullivan, assistant manager of the casualty claim department of the company, and Harold J. Sullivan, assistant manager,

casualty lines, of the company's branch in Philadelphia.

Honorary bearers at Mr. Sullivan's funeral were officers of the Travelers: President L. Edmund Zacher, Vice-presidents William Brosmith, B. A. Page, W. G. Cowles, J. L. Howard, H. H. Armstrong, H. A. Giddings, B. D. Flynn, J. H. Coburn, R. H. Williams,

Secretary D. A. Read, Comptroller C. D. Rarey, Auditor F. J. Flynn, Superintendent of Agencies Tracy W. Smith, Assistant Agency Secretary C. E. Ferree, Chief Adjuster H. E. Critchfield, Manager Charles Deckelman of the casualty claim division, Secretary John E. Ahern of the accident department, Assistant Secretary J. R. Lacy of the ac-

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New York Fire Insurance Company
Rated "A"—Excellent

Pacific National Fire Insurance Company
Rated "A"—Excellent

Standard Insurance Company of New York
Rated "A"—Excellent

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cident department, Dr. T. H. Denne, John McGinley, manager of casualty lines in New York City, and C. W. Van Beynum, publicity manager.

Outside of the Travelers the bearers were: Howard P. Dunham, commissioner of Connecticut; J. A. Beha, general manager, Wm. Leslie and A. W. Whitney, associate general managers, National Bureau of Casualty & Surety Underwriters; F. Robertson Jones, general manager, and Claude Fairchild, associate general manager, Association of Casualty & Surety Executives; C. B. Morcom, vice-president Aetna Life; Jesse S. Phillips, chairman Great American Indemnity; W. S. Roeber, manager National Council on Compensation Insurance; Edward J. Bond, vice-president Maryland Casualty; J. M. Haines, United States manager London Guarantee; J. L. D. Kearney, vice-president Hartford Accident; T. J. Falvey, president Massachusetts Bonding; Ernest C. Higgins, secretary, liability department, Aetna Life, and William Riley of Hartford.

The active bearers were as follows: Jesse W. Randall, secretary, casualty department; Allen R. Goodale and John P. Coughlin, assistant secretaries, casualty department, and John J. Hart, assistant superintendent of the automobile division of the Travelers; John J. Egan, James H. McCormick, secretary, United States branch Scottish Union & National, James F. Dolin and Dr. Arthur B. Donovan, all of Hartford.

The following were ushers: Allen E. Brosmith, attorney, and E. G. Brereton, superintendent supply department of the Travelers, Erskine Hamilton, Thomas Kane, Richard Lacy and Kenneth Byrne, all of Hartford.

National Bureau Resolution

Resolutions on the death of Mr. Sullivan were adopted at a special meeting of the executive committee of the National Bureau of Casualty & Surety Underwriters.

"He was one of the most intelligent, dynamic and influential men in the insurance business," the memorial reads.

"He had not only a keen intellectual grasp of the problems of casualty insurance, but in addition a breadth of vision and an unbounded interest and energy that enabled him to extend his activities and interest over a wide field. It is doubtful if there is any man today who has had such a close and effective relationship with all the problems of the casualty insurance business.

"In all organization affairs he was recognized as a leader and staunch supporter of constructive and cooperative endeavors. In spite of the many duties and responsibilities attaching to his position with the Travelers, he devoted a great deal of time, energy and thought to the welfare of the bureau and its members.

Finer Things of Life

"While giving a full measure of his energy, time and talent to the business, Mr. Sullivan did not allow his business career to obscure the finer things of life. With his characteristic devotion to purpose, he built a fine family, nurtured by his precept and guidance into a closely knit, devoted unit, living for each other in accordance with the best traditions of family life. His family was his pride and joy.

"Mr. Sullivan was deeply and truly spiritually minded, being possessed of an abounding and simple faith in God. Material success did not tarnish nor shake the religious convictions which moulded his whole life.

"These elements of character—genuineness, sincerity, devotion to the common good—were the basis of a splendid relationship with his associates which was maintained unbroken over a long period of years. The members of the executive committee, through many years of intimate association, not only appreciated his abilities, his principles and ideals, but admired and respected him for his splendid qualities as a man and friend. While the casualty insurance business will find difficulty in sup-

plying the type and quality of leadership that Mr. Sullivan has given, his work has set standards for the business that will long endure as will also his memory as a loyal and sincere friend."

Residence Boiler Cover in Blanket

(CONTINUED FROM PAGE 29)

explosions can be secured at \$15 additional for up to 10-room houses, and \$20 additional for 11-15 rooms for three years. This covers for gas explosions occurring anywhere up to the point where furnace pipes enter the chimney. While there is much question about smudge damage being covered in the regular fire policy, it is covered in this boiler form if the damage results from an accident insured against.

Loss of use insurance is another special coverage which may be added to the policy, the rate being 3 percent of the amount of indemnity desired for one day, times number of days of heating plant interruption for which the assured wishes payment.

A residence is defined as any building heated by steam or hot water designed for residential purposes and occupied as living quarters of one or more families or other groups of people, together with any garage on the same premises in connection therewith, in which buildings, including garage, the number of heated rooms does not exceed 15. In totaling the number of rooms there are excluded bathrooms, closets, pantries and halls, but sun porches, recreation rooms, laundries and garages which can be heated through radiators or pipe coils are included.

Furnace Explosion Rate Scale

The insurance is limited to residences heated by steam or hot water. The rates for the furnace explosion coverage are \$15 for 10 rooms or less and \$20 for 11 to 15 rooms. This coverage is not given in the standard policy except at extra premium.

Radiators or pipe coils are not included in the coverage. While no listing of objects is required, additional objects can be added at the regular manual charges. Out-buildings other than garages are not included in the coverage but can be written in a separate policy or added by supplementary coverage.

Limitations Are Given

Such residences as two- or three-family homes are not insured under the new form, but may be under the standard boiler contract. Buildings used in whole or part for mercantile purposes would not be considered for this coverage, nor would apartments. Residences in which not more than three rooms are used for professional services to the public, such as physicians, musicians, dentists and dressmakers, not selling merchandise, may be covered.

The rates for personal injury coverage, which may be added if desired, are for \$5,000 per person, \$1; \$10,000 per person, \$1.25; \$15,000 per person, \$1.45, covering for all vessels and objects in the residence. But the limit per person cannot exceed the policy limit.

The coverage gives assured the regular inspection service of the boiler company. The expediting clause means that companies will pay up to 25 percent of the direct damage loss for extra cost of express or other rapid transportation, or extra cost of over-time labor or other extra expense incident to rapid repair of damaged heating equipment. This is a feature long found in boiler insurance, but for which an extra premium was charged.

Increases Refund

The Detroit Automobile Inter-Insurance Exchange has announced an increase in cash refund to 20 percent on fire, theft, liability and property damage insurance. This is a 33 percent increase.

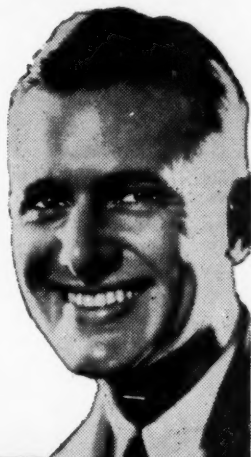
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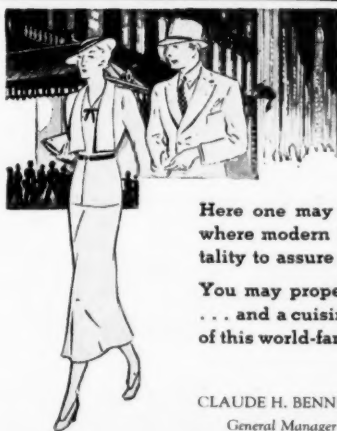
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THIS is an easy-to-use manual for appraising farm buildings prepared for local agents and special agents by a company of appraisal engineers working in conjunction with underwriters of farm writing insurance companies. It is being used by hundreds of agents in various parts of the country. This new edition contains figures up to date as of May, 1934.

Those agents who write fire insurance on farm property successfully with favorable loss ratios, do so because they value the property correctly when writing the business. Then too, the policies which pass through the home office quickly are the ones that have accurate values. The "Farm Manual" enables you to arrive at fair values and gives you a means of checking your estimates of values established by any other method.

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